Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR6.00
Finland	Fmk8.50	Lebanon	L£1,600	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bt55
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,380

Friday February 15 1991

D 8523A

US INSURANCE

Regime in need of an overhaul

Page 16

World News

Moscow set to impose price rises of up to 200%

The Soviet government is expected to unveil long-awaited price reforms on Monday raising the prices of food and clothing by between 100 and 200 per cent. But they will be offset by hefty wage compensations for a population frightened of any change in state prices. Page 18

Mandela case

Two key witnesses in the trial of Winnie Mandela were threatened with imprisonment but still refused to testify. The trial was postponed until March 6, along with sentencing of the two witnesses. Page 18

Belgium irks EC

Belgium has provoked disagreement among its EC partners by proposing the Treaty of Rome revision include a common industrial, as well as monetary, policy. Page 8

Dutch explosion

A massive explosion wrecked a fireworks factory in Culemberg, central Holland, causing dozens of injuries and widespread damage. Two people were reported missing

Pact dissolution

The leaders of Hungary, Poland and Czechoslovakia meet today to adopt a common stance towards the dissolution of the Warsaw Pact. Page 8

Czech privatisation

Plans by Czechoslovakia to privatise Transgas are the first step towards reducing the country's dependence on the Soviet Union for gas supplies. Page 4

Rushdie unforgiven

Iran marked the second anniversary of its death sentence against Salman Rushdie by declaring the British author must die.

Peru PM resigns

Juan Carlos Hurtado Miller, the Peruvian prime minister, has resigned. Page 4

Walesa jeered

More than 2,000 Polish miners stormed into the courtyard of President Lech Walesa's official residence and shouted abuse at him as they demanded higher pay.

EC poverty report

One European Community citizen in seven was living in poverty in 1985, according to an EC report.

World Bank tragedy

World Bank executive director Cezare Caranza has been killed in a car accident in Rio de Janeiro.

UN plan for Salvador

A secret United Nations document proposes dividing El Salvador into guerrilla and army zones after a ceasefire in the country's 11-year-old civil war, according to sources close to peace talks.

Six skiers killed

Six Dutch skiers were killed by an avalanche in the southern French Alps.

Nureyev final curtain

Russian-born Rudolf Nureyev, who defected to the west 30 years ago, will make his final bow on the world ballet stage in London in April.

Business Summary

Early rate cut ruled out by Japan's central bank

Yasushi Mieno, governor of the Bank of Japan, ruled out any rapid move to ease interest rates despite cuts in official rates this month in the US and the UK.

Speaking at a committee of the Diet (parliament), Mr Mieno said he would monitor the effects of previous rate increases, the last of which occurred last August, when the central bank raised the official discount rate to 6 per cent. Page 7

MARKETS: New York: At mid-session, Dow Jones Industrial Average was up 6.93 at 2,916.09. Tokyo: Nikkei closed 216.90 higher at 25,356.37, rising for eighth day. Frankfurt: DAX closed 2.89 lower at 1,486.72. Back Page, Section II

TRYGG-Hansa SPP, Sweden's largest insurance company, led international consortium of investors in acquiring Home Insurance, US non-life insurer, from AmBase Corporation for $935m. Page 19

BRITISH Petroleum reported 32 per cent rise in net income to £456m ($903m) for final quarter of 1990 but warned of stock loss in next quarter thanks to recent drop in oil prices. Page 19; Lex, Page 18

NEWS Corporation, Rupert Murdoch's media group, announced 34 per cent increase in net profits to A$183m ($144m) for six months to end-December 1990. Page 19

MCCAW Cellular Communications, biggest US provider of cellular telephone services, made fourth quarter loss of $148.8m from $58.4m a year ago. Page 22

INDIA has sold most holdings of foreign securities in order to finance imports and avoid defaulting on foreign debt payments. Page 7

NORSK Hydro, Norway's largest publicly quoted company, announced rise in net profits to NKr2.9bn ($510m) for 1990 from NKr2.7bn. Page 19

AUSTRALIA's unemployment rate rose to 8.4 per cent in January, the highest level since March 1987. Page 7

UK government is accused of wasting £300m ($594m) through refusal to hedge obligations in subsidising interest rates on £5bn export credits. Page 4; UK economy, Lex, Page 18

CBS, US media group, is to cut annual dividend from $1.10 to 25 cents. Page 22

RHONE-Poulenc Rorer, pharmaceuticals company formed last July, made small profit after heavy restructuring costs in 1990. Page 20

Fletcher Challenge, diversified New Zealand conglomerate, posted 17.7 per cent drop in operating earnings to NZ$654m ($394m) in six months to December 31. Page 23

SOVIET agriculture: Millions of hectares of land have not been prepared for spring sowing this year. Page 28

CHASE AMP Bank of Australia announced net loss of A$150m ($117m) for year to December. Page 23

SWEDEN'S Social Democratic government unveiled broad-based business policy to revive economic growth. Page 8

Allies 'destroyed more than 1,300 Iraqi tanks'

By Victor Mallet in Riyadh and David White and Robert Graham in London

US MILITARY commanders yesterday sought to head off international protests over Wednesday's civilian bombing casualties in Baghdad by announcing substantial progress in the allied camapign to soften up Iraq's troops in the Kuwait region.

The US Central Command in Riyadh announced that the multinational forces had destroyed more than 1,300 of the 4,000 Iraqi tanks in Kuwait and southern Iraq. These figures indicate 550 tanks have been destroyed in the past five days, again raising questions about President Saddam Hussein's military tactics and underlining the importance of the air supremacy enjoyed by the alliance.

With the destruction of Iraq's war machine gathering momentum, attention also switched yesterday to both the United Nations and diplomatic initiatives in Moscow amid indications that Mr Saddam might be showing some flexibility.

The Soviet Union stepped up its efforts to mediate while restating concern about the danger of an escalation in the conflict, and the threat to civilian lives. President Mikhail Gorbachev and Mr Alexander Bessmertnykh, his foreign minister, yesterday met Sheikh Sabah al-Ahmed al-Sabah, foreign minister of Kuwait, and today will receive Mr Ali Akbar Velayati, foreign minister of Iran. On Monday, Mr Tareq Aziz, the Iraqi foreign minister, will go to Moscow.

The UN Security Council yesterday met to discuss the Gulf crisis behind closed doors for the first time since 1975, leading to speculation that some initiative might emerge leading to a commitment by Baghdad to withdraw from Kuwait.

The alliance, however, yesterday sought to contain the damage caused by the deaths of numerous civilians during a bombing raid on Baghdad on Wednesday. US officers insisted that the building described by Iraq as an air-raid shelter was an old shelter converted into a military command bunker, hardened against electro-magnetic pulse to protect communications equipment from a nuclear blast.

"We know when it was built, when it was modified, how it was done and who did it," said one officer. "We don't watch everything all the time. This was a military facility. There was no indication that we should be watching for civilians going in or out." Despite this controversy, there was no sign of reduced allied targeting yesterday.

Brig-Gen Richard Neal, the US Command spokesman in Riyadh, said that in addition to the tanks destroyed, 800 other armoured vehicles and 1,100 artillery pieces had been knocked out.

Defence officials in London were somewhat more cautious, but said at least 25 per cent of Iraq's tanks and guns in and around Kuwait had been destroyed, mostly in the past 10 days.

They added that the Iraqi army had not managed to replace any of the equipment.

Gulf reports, Pages 2 and 3

Brussels ready to approve state aid package for airlines

By David Gardner in Brussels

A WIDE-RANGING package of support measures for airlines – including the sanctioning of state aid – is expected to be approved next week by the European Commission to help the industry through the business collapse caused by the Gulf war.

In what could be a significant further concession, the Commission is also willing to consider allowing the package to run for more than the three-months initially envisaged.

Mr Karel Van Miert, EC transport commissioner, said yesterday that the measures would be "strictly tied to a fixed period, and strictly linked to the [Gulf] crisis". But he conceded that the looser regime "could eventually be prolonged if the crisis goes on".

Sir Leon Brittan, EC competition commissioner, said last week that any special aid for airlines should be allowed only for a maximum of three months.

There was concern that anything beyond this would be seen as going some way towards meeting the airline industry's request for a longer pause in the EC's liberalisation drive, which aims to have open competition in air transport by 1993.

The Association of European Airlines (AEA) argues that the industry could be crippled without a lengthier period of support. Mr K. H. Neumeister, AEA secretary-general, said: "This summer is gone for us, even if the fighting finishes in a week's time."

BRITISH Airways yesterday announced additional fare cuts on North American routes, defying US attempts to stop it offering sharp discounts on some of its transatlantic fares.

BA is cutting its summer season 30 days advanced purchase (Apex) return fares by a third from all UK airports on 25 routes to the US and Canada. Earlier this week it announced similar reductions on Apex return fares for passengers travelling from the US to the UK.

Fare war, Page 10

On Tuesday, Mr Bernard Attali, AEA president, said the industry was seeking permission to share capacity on what are now little-travelled routes – a non-competitive market-sharing practice the Commission has cracked down on – "for the length of the summer season".

In addition to allowing capacity sharing, and enabling airlines to respond to changes in the crisis more quickly by speeding up the lengthy procedures they have to go through before altering their fares, the Commission is likely to suggest specific areas in which state aid could operate, Mr Van Miert disclosed.

These would include compensation for increasing costs for security and insurance premiums caused by the war; proposals to reduce value added tax on air tickets from a current EC maximum of 19 per cent to 9 per cent; and allowing member states to defer the collection of half the value of air traffic control charges for up to two years.

The transport commissioner stressed that these would be recommendations, which member states could choose to adopt or not.

But he made clear that the Commission had called a meeting with the AEA two weeks ago "to avoid member states taking measures on their own which would put at risk our [liberalisation] policy".

He said he had already sensed that EC transport ministers were "getting a bit more cautious" about the final stages of air transport deregulation and feared some member states might break ranks.

Asked whether the regime for airlines might follow the precedent set by the supposedly temporary emergency regime for EC steel, which lasted throughout most of the last decade, Mr Van Miert said that after three months the airlines would have to go through the Commission's competition hoops again.

"If there is to be an extension there will have to be a proper revision of the situation, and then some of the elements, such as [compensation for high] security costs, may be kept", the Belgian commissioner said.

He agreed that the airline's plight predated the Gulf war, and saw a shake-out in the industry as an inevitable consequence of the EC's liberalisation drive.

EC trade commissioner Frans Andriessen (left) and US trade representative Carla Hills: strains

EC stance on farm reform is setback for Gatt hopes

By William Dullforce in Geneva

PROSPECTS of salvaging international talks liberalising trade have been set back by the European Community's refusal to give commitments on world farm trade reform for which the US has been pressing in the past 10 days.

Adding to the problem, there have been strains in the relationship between Mr Frans Andriessen, EC trade commissioner, and Mrs Carla Hills, US trade representative.

In several transatlantic telephone conversations during the talks, they have failed to agree on how to restart the negotiations on agriculture.

EC-US discussions have centred on finding a formula that would allow Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), to call for a resumption of the multilateral farm negotiations.

The European Commission informed the US trade representative's office on Wednesday that it was not prepared to accept wording committing it in advance to negotiating separate and specific assurances to reduce farm support in each of three sectors – internal assistance, border protection and export subsidies.

Commission officials have seen Mrs Hills' action as an attempt to impose pre-conditions for a resumption of the talks and to exact concessions in advance of formal negotiations.

The US and the Cairns Group of 14 farm-exporting nations, led by Australia, have been holding out for an assurance on this point from the EC.

They reject an alternative approach under which reductions in subsidies would be geared to an overall yardstick for support levels and would allow countries to cut deeper in one sector and less severely in others.

Farm exporters fear that the EC would concentrate its cuts on internal supports and do less to reduce import barriers and export subsidies.

The Commission's message is regarded by the US as a retraction of the readiness to discuss separate commitments in the three areas that the Commission showed at the meeting of world trade ministers in Brussels in December.

However, some confusion

Continued on Page 18

US seeks ruling on Airbus, Page 8

GM, Ford record large losses as global sales continue to fall

By Alan Friedman in New York

GENERAL MOTORS and Ford of the US, the world's two biggest vehicle makers, plunged into bigger than expected losses in the final quarter last year and warned of continuing severe financial pressures in the current year.

The results reflect the growing squeeze on the world automotive industry, as sales fall in North America and Europe and demand weakens in Japan.

GM, the largest US automobile manufacturer, yesterday disclosed a $1.6bn loss for the fourth quarter of 1990, its biggest ever quarterly deficit and well above Wall Street's forecast of $1.4bn.

The full-year loss, also a record, totalled $2bn on sales 1.5 per cent lower at $110.8bn. GM said it earned $102m in 1990 before a special $2.1bn third quarter write-off for restructuring costs, including the closing of four plants.

Ford Motor Company, the second biggest US carmaker, revealed a $519m loss for the last quarter of 1990, the company's first quarterly deficit in eight years and its second highest quarterly loss ever.

Japanese motor manufacturers are reducing output because of the fall in the US market and slowing demand at home. Yesterday, Nissan Motor and Mitsubishi Motor joined the list of companies making production cuts. If the scale of the cuts accelerates it could have an impact on the growth rate of the Japanese economy.

Page 4

Ford's full-year net earnings fell 78 per cent to $860m, the worst annual performance since 1982. The profit was struck on revenues of $97.7bn, up 1.6 per cent.

The profits of Ford's European automotive operations fell to $145m from $1.19bn a year earlier.

The figures from Detroit underscore the severe problems of the North American motor industry, which last week saw GM act to cut its dividend by 47 per cent and unveil a sweeping cost-reduction programme.

Yesterday Ford was pessimistic about prospects for the current year. Mr David McCammon, company treasurer, predicted a "significant loss" in the first quarter of 1991 and a possible loss for the full year.

He said Ford would attempt to reduce its salaried workforce through attrition but noted that white-collar redundancies were "very likely".

Ford's factories operated at only 60 per cent of capacity last month – a level in January and are expected to stay at this level during February.

Mr Harold Poling, Ford chairman, said many of the company's automotive markets weakened in 1990, which he termed "a tough year for Ford".

He added: "Unfortunately the same economic and market factors that adversely affected the latter part of 1990 are continuing into early 1991." He said the uncertainty caused by the Gulf war had resulted in a

Continued on Page 18

Details, Page 22; World markets, Page 37

Weekend FT

Tomorrow: How Colin Powell and his commanders hope to exorcise Vietnam

The challenge of rebuilding Dresden

CONTENTS

Children move to centre stage in the run-up to UK elections

When Norman Lamont, UK chancellor of the exchequer, presents his budget next month, the bottom line will be political cash flow – how much flows in to the Treasury, and how much flows out to parents.

Page 17

MARKETS

STERLING
New York lunchtime:
$1.978
London:
$1.981 (1.991)
DM2.905 (2.9)
FFr9.895 (9.88)
SFr2.49 (2.4875)
Y257.0 (257.0)
£ index 94.4 (94.6)

GOLD
New York: Comex Apr
$370.2 (369.5)
London:
$368.25 (368.25)

N SEA OIL (Argus)
Brent Apr
$18.925 (19.425)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.469
FFr5.004
SFr1.25955
Y129.85
London:
DM1.466 (1.4565)
FFr4.995 (4.9625)
SFr1.2565 (1.2495)
Y129.7 (129.05)
$ index 59.7 (59.5)
Tokyo close: Y129.65

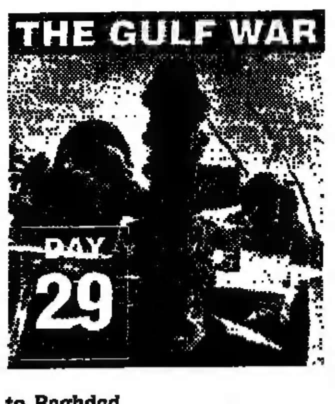
US lunchtime rates
Fed Funds $6\frac{1}{4}$%
3-mo Treasury Bills:
yield: 6.01%
Long Bond:
$96\frac{7}{8}$
yield: 7.969%

STOCK INDICES
FT-SE 100:
2,294.4 (+26.6)
FT Ordinary:
1,817.5 (+25.8)
FT-A All-Share:
1,103.6 (+1.3%)
New York lunchtime:
DJ Ind. Av.
2,916.09 (+6.93)
S&P Comp
368.74 (−0.28)
Tokyo: Nikkei
25,356.37 (+216.9)

LONDON MONEY
3-month Interbank:
closing $13\frac{1}{8}$ ($13\frac{1}{4}$)
Liffe long gilt future:
Mar $93\frac{17}{32}$ ($93\frac{3}{16}$)

Soviet diplomats step up drive for peace

By Quentin Peel in Moscow



THE Soviet Union is stepping up its efforts to mediate a peace settlement in the Gulf, with a flurry of diplomatic activity in Moscow.

The moves coincide with a restatement of Soviet concern about the danger of an escalation in the conflict, and the threat to civilian lives, following the allied bombing of an air raid shelter in Baghdad.

Soviet officials insist that Moscow is not relaxing its absolute support for the United Nations resolutions which have demanded Iraqi withdrawal from Kuwait.

President Mikhail Gorbachev and his foreign minister, Mr Alexander Bessmertnykh, yesterday met Sheikh Sabah al-Ahmed al-Sabah, foreign minister of Kuwait, and today will receive Mr Ali Akbar Velayati, foreign minister of Iran.

The Soviet Union has also invited European Community foreign ministers to Moscow tomorrow for talks on the Gulf War, a Luxembourg official said last night. The invitation is to the foreign ministers of past, present and future Community presidents – Italy, Luxembourg and the Netherlands.

On Monday, Mr Tariq Aziz, the Iraqi foreign minister, will arrive in Moscow. He is expected to bring a response from President Saddam Hussein to proposals made this week by Mr Yevgeny Primakov, the Soviet leader's personal envoy, when he flew to Baghdad.

The Soviet envoy expressed guarded optimism about the possibility of Iraqi movement on the crisis, suggesting there were "rays of light which enable us to think more optimistically".

Sheikh al-Sabah said after his talks that he understood the Soviet initiative had "met a certain flexibility" in Baghdad.

Mr Vitaly Churkin, the Soviet Foreign Ministry spokesman, was anxious to restrain over-optimism in response to Mr Primakov's initial statement. "Don't jump to conclusions," he said. "There is a very cautious optimism, nothing solid we can grab to give hope for a speedy outcome."

He said that the civilian casualties in Baghdad "confirm the Soviet concern that the logic of the war may lead to unpredictable consequences, and the situation may get out of hand.

"Civilian casualties demand the urgent political and diplomatic moves to end the bloodshed. This is what Soviet efforts are all about."

He said that in addition to the talks with Kuwait and Iran, Mr Bessmertnykh had also been in contact with Yugoslavia, as current chairman of the Non-Aligned Movement, to co-ordinate their peace initiatives.

Mr Churkin refused to take sides in the row over the US bombing of an air raid shelter in Baghdad, saying: "We are not umpires here."

William Dullforce adds from Geneva: Iran plans to co-ordinate its efforts to stop the Gulf conflict with the Soviet Union's latest attempt to find a peaceful solution.

Iran's President Ali Akbar Hashemi Rafsanjani recently exchanged letters with Mr Saddam but said the Iraqi president's answer had not been what he had hoped for.

Mr Velayati said that Mr Saddam's response was still being carefully studied, while the talks in Baghdad between Mr Primakov and Mr Saddam had strengthened Iranian hopes.

In Geneva to address the UN disarmaments conference, Mr Velayati also held talks with Prince Saud al-Faisal, Saudi foreign minister. One purpose of the meeting had been to discuss the resumption of diplomatic relations between the two countries, Mr Velayati said.

A woman beats her breast yesterday as bodies are taken from the Baghdad shelter hit by US bombs on Wednesday

Baghdad bunker bombing fails to alter US citizens' support for war

By Peter Riddell, US Editor, in Washington

TELEVISION pictures of large numbers of civilian casualties after the Baghdad bunker bombing have had a shock effect in the US, but do not appear to have alt ered many people's view of the war.

Ahead of opinion poll evidence, initial impressions are that most Americans accept the White House line that the bunker was a valid military target, and that it did not know civilians were there. Others interviewed have noted the Iraqi Scud missile attacks on Israel and Saudi Arabia. They have said that such regrettable civilian deaths occur in war and that no one has seen how many people the Iraqis have killed in Kuwait.

However, the White House's sensitivity about the impact of civilian deaths was shown in the carefully co-ordinated reaction to the news.

The administration knows it cannot afford many repetitions of such pictures, though the Iraqis yesterday revised down their estimate of deaths from an initial 400-500 to at least 288bodies brought out.

The episode underlines how instantaneous television communications change the presentation of war.

> Iraq revises down number of dead from around 450 to at least 288

It can reduce the control of political leaders of open societies over what is known, while increasing the scope for the selective presentation of events by the leaders of closed societies such as Iraq.

Right-wing groups in the US have strongly criticised Cable News Network and other journalists reporting out of Baghdad for being propagandists for Saddam Hussein since they are subject to strict Iraqi control over what is seen and shown to the world.

The worry in the White House is that such events will produce strains in the international coalition, strengthen calls for a pause in the bombing and diplomatic initiatives and increase pressure for a change in the military approach.

Publicly US officials are relaxed about Moscow's latest round of contacts with Iraq, Iran and other parties, but there is wariness about calls for a ceasefire or deviation from calls for an Iraqi withdrawal from Kuwait.

On the military side, US officials said they would be reviewing their list of strategic targets, such as suspected command and control centres around Baghdad. However, while strenuously avoiding civilian targets, the Pentagon is refusing to rule out attacks on military communications centres where there might be civilians.

There has been talk that such civilian casualties and diplomatic activity could bring forward the start of a full-scale ground campaign. But there is no sign of that.

Mr Dick Cheney, the US defence secretary, says the air campaign will be continued for "an additional period of time," though attention can now increasingly be shifted from strategic targets inside Iraq (such as the bunker in Baghdad? and focus upon ground forces deployed in southern Iraq and Kuwait.

Mr Cheney and Mr Tom King, the UK defence minister, have argued this week that more needs to be done to destroy Iraq's military capability.

Calm of St Louis unruffled by war in the Gulf

By Nikki Tait, recently in St Louis

IT IS not everyday that two camels appear on the streets of St Louis. But organisers of a "pro-the-troops" demonstration know how to pull in the TV cameras, and local reporters duly turn up. So do about 200 people – out of the city's population of half a million.

The next day, these supporters give way to the anti-war lobby. This time, the gathering is truly forlorn; a straggling group of protesters, easily overlooked by shoppers and passers-by, which has kept a regular weekly vigil on the steps of the old Custom House ever since the Gulf conflict started to erupt.

But this is a "middle-America" city, three weeks into a war which may last for months. It is a far cry from the hysterical east coast, where the Gulf situation dominates most conversations. "It was like this in Vietnam," comments one local resident. "I see some ribbons and flags, and we've got people out there. But it's a mid-western attitude, a little more personal – people kept things to themselves."

War is certainly not forgotten. Motorists driving in from the airport are confronted by a billboard urging support for the troops. Some 17,000 people, turning out to cheer the local ice-hockey team to victory, stand in a two-minute silent prayer. A few shops even display yellow ribbons, although such marks of solidarity are rather more noticeable among the twee antiques shops in neighbouring St Charles than in the city centre.

But the mood is measured, and generally thoughtful. Even the St Louis Post-Dispatch, the main local paper which is generally viewed as conservative, has not been unquestioning in its support. It headlines a mass of readers' letters about the conflict as "A Nation Divided Over the War in the Gulf". The City's library reports a run on books about Iraq, while one gentleman rings the local radio station phone-in to ask earnestly where the West Bank is.

Business, too, remains more absorbed by the underlying recessionary pressures than Gulf-related developments. Here, the outbreak of hostilities has arguably had the most dramatic impact on Trans World Airlines, the international carrier which uses St Louis as its main domestic hub.

Passengers flying out of the city find themselves accompanied by furloughed employees hoping to find temporary work in New York and other cities. Lay-offs have been blamed on the plunge in transatlantic travel although, even here, unions are sceptical of management's motives.

Elsewhere, the impact is far more muted. Commonsense suggests that locally based defence contractors, which include General Dynamics and McDonnell Douglas, should be correspondingly cheerful. But officials are weary of the question. They note only that redundancies resulting from cutbacks in Pentagon spending are continuing, and say no step-up in employment is planned as a result of the war.

Round at the local convention centre, the attitude is simply sanguine. A senior organiser insists that there have been no cancellations to date, and suggests that Americans' reluctance to travel overseas may help business should the conflict be prolonged.

Even St Louis' best-known corporate name, Anheuser-Busch, is largely stymied. By ill-chance the war is being fought out in a Moslem area, so America's biggest brewer has confined its donation to over half a million cans of O'Doul's, a non-alcoholic brand.

UN meets amid hope of finding path to ceasefire

By Michael Littlejohns, UN Correspondent in New York

THE UN Security Council met behind closed doors yesterday amid hopes of finding initiatives to end the Gulf war and a commitment by Iraq to withdraw from Kuwait.

Delegates of Kuwait and Iraq were among those listed to address the 15-nation body.

The decision to hold private meetings, for the first time since 1975, was taken on the initiative of Sir David Hannay, the British delegate, who said it was imperative to hold these important discussions "away from the glare of publicity."

Britain and the US feared that Yemen, the only Arab member, and Cuba, both of which had been demanding public debate on the war since the allied offensive began, would use the council as a propaganda platform, particularly after Iraqi civilians were reported killed in a US raid on Wednesday.

Mr Abdalla Ashtal, the Yemeni representative, told reporters that a resolution was being prepared but he said it was not proposed to mention that incident which he had earlier called "cold-blooded murder." He said that in protest against the decision to go private he would not join in the debate although he would remain at the council table.

Mr Thomas Pickering, the US delegate, who had strongly opposed any council discussion, said he hoped now that there could be a serious exchange of ideas and was pleased by the decision to meet.

Mr Javier Pérez de Cuéllar, the UN secretary-general, said everything possible must be done to bring about a peaceful settlement but a ceasefire without a firm Iraqi commitment to withdraw from Kuwait would not be acceptable.

Asked about harsh Iraqi criticism of his own role, he said: "I don't think this is very courageous because - the secretary-general is the least aggressive, the least important of their enemies. I don't pay any attention at all to their insults."

'Iraqis executed over 200 Kuwaitis'

By Victor Mallet in Riyadh

IRAQI forces have executed over 200 people in Kuwait since the start of the allied air bombardment a month ago, apparently in revenge for the bombing, a spokesman for the Kuwaiti government-in-exile claimed yesterday.

Col Abdullah al-Kandari of the Kuwaiti air force said 65 Kuwaitis, some of whom had been arrested previously, were executed in four days; 12 had their throats cut and their heads removed from their bodies, he said.

"Their corpses were then placed in front of their homes and were left for 36 hours for others to see."

Col al-Kandari was unable to provide any hard evidence for the Kuwaiti claims and there was confusion about the timing of the killings. He pointed out, however, that President Saddam Hussein was allowing controlled news reporting from Baghdad but not from Kuwait.

Brig Gen Richard Neal, the US spokesman, said the US central command had received reports substantiating claims that there had been an increase in executions in recent days.

"Since the beginning of the air campaign, the focus of the media has been taken away from the pain and suffering which has been endured by the Kuwaitis as a result of Saddam Hussein's invasion of our country," he said. "The world should remember, it is the aggressive actions of Saddam Hussein which have caused this pain. Saddam Hussein is responsible for this war."

Col al-Kandari said Kuwaiti morale was good despite the increasing hardships of life in the country under Iraqi occupation. The Iraqis, he said, had fortified houses along the coast and in other strategic places and were becoming increasingly erratic, shooting people for the slightest excuse. Two weeks ago, he said, two people were killed for not standing in line while waiting for gas bottles.

Saudis cater for PoWs' needs as Christians

By Victor Mallet

SAUDI officials have asked a US chaplain for assistance with Christian materials, such as Bibles, for any captured Iraqi Christians, a US military officer said yesterday.

Saudi Arabia, which sees itself as a champion of puritanical Islam, normally forbids any non-Moslem worship, and has restricted the priests and rabbis with Christians and Jews among the allied forces.

Asked if Iraqi prisoners of war had more freedom than allied soldiers, the officer said: "In some cases, yes."

Saudi Arabia seems anxious to show strict adherence to the Geneva Convention.

The US is handing over all PoWs to Saudi custody, but monitors the treatment of those captured by US forces and could demand them back if they were denied their rights.

The US officer said the Americans had asked the Saudis to provide Moslem clerics for Moslem Iraqi prisoners, and the Saudis might ask for priests for the minority Christians.

It emerged this week that Saudi Arabia was seeking an international loan of \$3.5bn – another sensitive subject in an Islamic country which frowns on the payment or receipt of interest.

India accuses US of exceeding mandate

By David Housego in New Delhi and agencies

INDIA yesterday voiced its first open criticism of the US-led coalition forces in the Gulf when it charged them with going beyond the United Nations mandate by bombing civilian targets. Reaction from some Arab countries was more vociferous.

Mr V.C. Shukla, the Indian Foreign Minister, said on his return from a non-aligned meeting in Belgrade that the multinational forces were clearly going beyond the mandate by continuing to target non-military locations in Iraq and Kuwait. India is currently a member of the Security Council.

Both Mr Gandhi's Congress party - on which the government depends for support - and Opposition parties have called for India to take more vigorous diplomatic action to bring about a ceasefire. They have also called for a halt to to the refuelling of US C141 transport planes at Bombay and other Indian airports.

In the Arab world, Jordan, Algeria and Tunisia declared official mourning and voiced outrage over the deaths. Jordanian demonstrators stoned the US and Egyptian embassies in Amman.

King Hussein of Jordan, an increasingly strident critic of the war, wrote to Mr Javier Pérez de Cuéllar, UN Secretary General, that it showed that "some see [Security Council resolution 678] as the licence to launch an organised war of devastation against Iraq."

Algeria launched its most violent attack to date on the US-led coalition, calling the raid a deliberate massacre of innocent civilians.

Thousands of enraged Palestinian demonstrated in refugee camps in Lebanon, vowing to avenge the bombing.

Media in Arab countries fighting alongside the US gave the raid restrained coverage, reflecting official embarrassment.

Mr Hosni Mubarak, the Egyptian president, Washington's principal Arab ally in the anti-Iraq coalition, expressed deep regret at the deaths but said civilian casualties were in the nature of war.

In Indonesia, the world's most populous Moslem country, police arrested at least six anti-war demonstrators and beat several others after a march on the US, British and Japanese embassies in Jakarta, witnesses said.

Government leaders, fearing the war will provoke widespread anger has repeatedly told Indonesians not to get worked up and threatened tough action against anyone using events in the Gulf to stir up trouble.

Israel guarded over Genscher's Golan initiative

GERMAN suggestions of a post-Gulf war rapprochement between Israel and Syria yesterday drew a guarded response from Israeli leaders, **reports Hugh Carnegy from Jerusalem.** They reiterated their commitment to holding onto the Golan Heights, one of the main bones of contention between the two countries. Syria insists that the Golan has to be returned.

Mr Hans-Dietrich Genscher, the German foreign minister, mooted a Syrian-Israeli settlement after talks in Damascus on Wednesday with President Hafez al-Assad. Mr Genscher said Syria would be prepared to recognise Israel's existence as part of an overall Middle East peace settlement, which included self-determination for the Palestinians.

There have also been a number of reports in the Israeli media saying Washington has sounded out the Israeli government on a possible demilitarisation of the Golan Heights, captured by Israel in 1967 and virtually annexed nine years ago, as part of moves after the war towards regional peace.

The government of Mr Yitzhak Shamir repeated its previous stance that Israel would welcome direct talks with Syria "without preconditions". Officials said any offer to recognise Israel was welcome.

Although Israeli law was extended over the Golan, in legal terms the government does not regard the territory as annexed, in theory leaving room for negotiation.

But a letter on Mr Shamir's behalf sent to Israeli settlers in the Golan yesterday said Israeli rule over the area "will indisputably continue to be in force". It dismissed the reports of demilitarisation as "figments of the imagination".

Arafat: has not authorised attacks on western targets

Arafat resists pro-Saddam pressures

The bombing of Iraq has hardened PLO attitudes against the allies, says **Lamis Andoni**

MR Yassir Arafat, chairman of the Palestinian Liberation Organisation, is under heavy pressure from within the PLO to become more involved in the war alongside Baghdad.

So far Mr Arafat has resisted and has not officially authorised attacks against western targets in retaliation for the US-led military assault against Iraq.

But the bombing of Iraq and the tough measures being adopted by Israel in the West Bank and Gaza strip are further radicalising important elements of Mr Arafat's constituency.

Mr Arafat's diplomatic strategy of recognising Israel and seeking a two-state solution to the Palestinian problem may be a casualty of this growing militancy.

"What was acceptable three years ago is no longer acceptable to many Palestinians now," said one PLO official referring to the wide Palestinian support that Mr Arafat secured in 1988 for the two-state plan.

For thousands of Palestinians – in the occupied territories, Jordan and Lebanon – Saddam Hussein has become a hero. His Scud missile attacks against Israel, however ineffectual they may have been militarily, have bolstered his standing among Palestinians.

PLO officials concede that it has lost international sympathy as Israel emerges "the victim of Iraqi missiles". Yet at the same time they argue that international support for PLO moderation has failed to end the Israeli occupation or even to provide international protection to the Palestinians in the West Bank and Gaza Strip.

They also fear that the US and Israel will seek to strike the organisation out of any post war arrangements especially if Iraq was defeated. "The US will try to redraw the map of the area in a way that will assert its control," said Mr Arafat recently.

Several European governments, according to PLO officials, have implied that they might consider closing the organisation's offices while Washington has sent serious warnings to Arafat to distance himself from Iraq.

The American message, which has been conveyed through various channels, warned that the PLO will exclude itself from a post-war settlement if it does not end its close association with Baghdad.

Initially there were some within the PLO – but mostly prior to the war – who pressed for "a balanced mediating role", but the allied bombing campaign against Baghdad has stilled more moderate voices for the time being.

Consequently calls for reviving armed struggle and even "terrorist attacks" against western interests have been renewed by most of the Palestinian groups including those who renounced such tactics in 1974.

Palestinian analysts argue that if the US and Europe did not show immediate and serious readiness to address the Palestinian problem a wave of violent extremism will be unleashed.

"If they do not redress the root problems which lie behind Saddam's popularity then we shall witness a wave of unprecedented violent extremism...," said Mr Assad Abdul Rahman, a Palestinian political scientist who supports PLO moderation.

PLO officials believe that both the US and Israel will, meanwhile, try to find alternatives to the PLO from within the occupied territories, but they warn that, as in the past, any such alternative is unlikely to win Palestinian legitimacy.

They also say that attempts to further undermine the PLO may prompt the birth of a more extremist body.

"The Americans will commit a serious mistake if they try to finish Arafat...Arafat is the only leader who has the legitimacy among his people and in the Arab and Islamic world," warns Mr Abdul Rahman.

"Arafat is the only one who can deliver. Any other person who might try to endorse a compromise will be unacceptable or even assassinated."

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Allied bombing raids wipe out Iraq's oil refining capacity

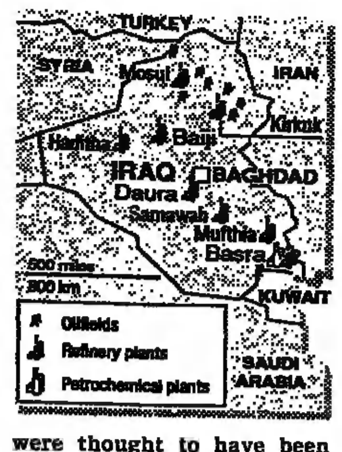
By Deborah Hargreaves

THE allied bombardment of Iraq has knocked out almost all of the country's oil refining capacity, according to defence officials in London. This will mean Baghdad will become a net importer of refined products when the war is over.

This could lead to tightness in the world market for refined products such as gasoline and jet fuel, especially if Kuwait's high-tech refineries are destroyed by retreating Iraqi troops.

Kuwait's refining system is regarded as one of the best in the world and the removal of its products from the market after Iraq's invasion has meant refineries in Saudi Arabia have been producing flat out to make up the shortfall.

Defence officials said yesterday all the main refineries were thought to have been badly damaged or to have been shut down, in some cases possibly to avoid incurring attacks.



The Daura refinery near Baghdad, which produces 71,000 barrels a day (b/d), was hit on the first night of bombing. After that, the allies targeted the Baiji complex, Iraq's largest, with an output of 150,000 b/d.

Basra's 70,000 b/d refinery on the Gulf coast was also hit. The town is also the site of a big petrochemicals complex which is still under construction.

Iraq has five other very small refineries.

Before its invasion of Kuwait, Iraq was producing about 400,000 b/d of refined products and using about 350,000 b/d internally. It made some exports of heavy heating fuel to Turkey, but did not figure in the international export market for products.

Kuwait, however, exported about 600,000 b/d day of its refined product output while consuming about 100,000 b/d domestically. Its refineries were among the most sophisticated in the world – highly flexible and capable of producing a wide range of products.

These plants are understood to have been looted by the Iraqis and anything movable, such as computer control panels, has been taken back to Baghdad. If this is all the damage that has been done, it will just be a matter of heavy investment to get the refineries producing again.

But there is a fear that Iraq may blow up Kuwait's refineries, which would require a massive reconstruction project taking at least two years.

A Scottish soldier guards a British prisoner of war camp in the Saudi desert. The Iraqi prisoners will be given a copy of the Koran and all food will be cooked according to Moslem customs

Saudis no longer made of money

Victor Mallet looks behind the kingdom's request for a $3.5bn loan

ANYONE who thought Saudi Arabia was made of money will have to think again now that the Saudis have gingerly put aside their Islamic sensitivities and asked international banks for a $3.5bn (£1.76bn) loan to help pay for the war against Iraq.

In the first few months after Iraq's invasion of Kuwait in August last year, Saudi Arabia prospered; oil prices rose and Saudi crude production soared above 8m barrels a day to compensate for the loss of Iraqi and Kuwaiti production. Confidence in the economy soared as businessmen predicted that whatever the outcome of the crisis Saudi Arabia would be the long-term winner.

But outside the oil construction sector, the expansion was a short-term phenomenon. While rents rose, land prices were static. There was little private sector activity, except for prefabricated accommodation for soldiers.

Nor were the bigger Saudi companies, which are more interested in industry than in property, committing themselves to new projects, even though they might have been studying them for months and have concluded that they were viable.

By the turn of the year, however, the fragility of an economy which had always been dependent on a single commodity again became apparent as oil prices slipped back and Saudi contributions to the multinational war effort mounted.

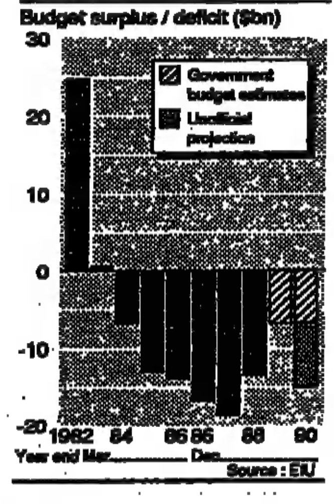
During the oil boom of the late 1970s, Saudis were the quintessential oil sheikhs, spending freely but also saving handsomely as they exploited the world's largest oil reserves. In the leaner 1980s, they depleted their treasure chest. They lived in comfort and were generous to their friends – in particular Iraq – but once recession began to bite in 1984 the Saudi budget went into deficit.

The government fell further and further behind in making payments, especially to building contractors, projects were delayed and western businessmen found profits harder to make.

Then came the war. Saudi Arabia has already spent or committed about $48bn as a result of the conflict, including aid to other members of the alliance and arms purchases for its own military. The average price of Saudi oil has fallen to about $18 a barrel, close to what it was before the invasion, although for the moment the kingdom still benefits from higher revenues because of increased production.

Saudi Arabia

Budget surplus / deficit ($bn)



Source: EIU

Saudi Arabia's finances, in short, are more unpredictable than ever, and it was for this reason that King Fahd was unable to announce an annual budget on January 1. According to preliminary figures, the Saudi government's spending in 1990 was $22bn above target. However, this figure covers only up to mid-November and was reached despite oil income last year having risen to $31bn, some $8bn more than expected.

In spite of this windfall, the 1990 budget deficit could have turned out to be at least $15bn, more than double the projected figure of $7bn.

It is against this background that Saudi Arabia has had to seek external financing, a move prompted by the kingdom's promise of $13.5bn to help cover US costs in the first quarter of this year, a sum which matched a commitment by the exiled ruling family of Kuwait.

The amount compares with expected Saudi oil revenues of only $10bn in the same period. Whether or not it is paid in instalments after the end of March, it represents a heavy burden on the Saudi exchequer.

To borrow so blatantly through the western banking system is an obvious embarrassment for a monarchy charged with the guardianship of the puritanical Wahhabi sect of Islam, even if a fig-leaf can be found whereby the interest becomes a "commission" or "handling fee".

On the other hand, the loan is good public relations for the Gulf states in the US. Some congressmen and members of the public regard the people they are fighting for as wealthy sheikhs unwilling to fight their own battles or even make the necessary financial sacrifices.

By the end of last year, Saudi Arabia had an estimated $10bn in liquid reserves, just over a tenth of the cash stockpile it enjoyed in the early 1980s. The country's total foreign holdings (excluding the unknown private wealth of the ruling Al-Saud family) are estimated at $50bn, but that includes the assets of some autonomous public institutions as well as equities, bonds and property whose sudden disposal could play havoc with world markets.

Under its own laws, furthermore, Saudi Arabia needs to keep about $10bn to cover the amount of Saudi riyal currency held outside banks. It also needs to cover a heavy import bill, which stood at about $20bn a year even before the additional demands of the war.

The country's economic planners also know that greater hardship may lie ahead. A huge oil slick, blamed on Iraq and thought to be 50 times as large as the Exxon Valdez spill, is threatening water desalination plants, factories and oil installations on the Gulf coast. Jubail may have to close the seawater canal which is used for cooling the city's dollar-earning petrochemical industries.

When the war ends, oil prices are likely to fall as Kuwaiti and Iraqi production again comes on stream. If it drags on, Washington may ask for further financial assistance, and Britain is already knocking at the door.

Bonn mends fences with aid for Jordan

By Mark Nicholson in Amman

MR Hans-Dietrich Genscher, the German foreign minister, yesterday rounded off a brisk three-capital tour of frontline Arab states by granting Jordan an additional DM150m (£51.9m).

The aid, which follows similar grants in the last two days to Egypt and Syria, is widely seen as a "fence-mending" exercise following Germany's pledge of $600m (£303m) of aid and military support to Israel.

However, Mr Genscher's three-day tour, to which he added Jordan at the last minute, is also seen as a response to criticism in the US and some European countries of Germany's low diplomatic profile.

Mr Genscher flew out of Amman yesterday after having also distributed grants of DM150m in Cairo and DM100m in Damascus, bringing total German financial support for coalition countries and those economically hurt by the crisis to DM20bn.

In addition to the money, Jordan's government will have welcomed support from a western country so soon after recent icy exchanges between Amman and the US, traditionally Jordan's central strategic ally. Washington last week said it would review financial support for the kingdom after a fiery pro-Iraqi speech by King Hussein.

A senior German diplomat said yesterday that Bonn was seeking to shore up Jordan's position as a "buffer state" in the region.

"We don't want the regime here to collapse or bankrupt itself during this war," he said.

Mr Genscher held what one German official called "condensed and unsensational" talks with King Hussein, Crown Prince Hassan and Jordan's foreign and prime ministers, which centred on the possible shape of future security arrangements in the region after the war.

Amman has so far been bypassed in talks about such matters among western and Arab coalition partners, largely because of their shared suspicion over Jordan's stance, which mixes formal neutrality with deep pro-Iraqi feeling.

Britain's ECGD policy 'has wasted £300m'

By Peter Montagnon, World Trade Editor

THE BRITISH government has wasted over £300m of taxpayers' money over the last 2¼ years as a result of its refusal to hedge its obligations to subsidise interest rates on £5bn of export credits, senior businessmen and bankers say.

The cost of the subsidies, running at £400m a year, is borne entirely by the Treasury, but is frequently cited in Whitehall as a ground for reining in the activities of the Export Credits Guarantee Department (ECGD).

As bitterness grows over the Treasury's clampdown on the ECGD, executives in industry and the City say a significant portion of these costs has been incurred as a result of the Treasury's own policies.

Organisation for Economic Co-operation and Development rules allow governments to subsidise interest payments on export credits to developing countries. Such borrowers pay a low fixed rate, while the Treasury makes up the difference with the floating money market rate charged by lending banks.

This leaves it exposed to fluctuations in money market rates which can increase the cost of the subsidy. A corporate treasurer would routinely hedge such an exposure.

The Treasury agreed to a $2bn (£1bn) interest rate swap programme for dollar-denominated credits in 1986 but has always resisted tackling sterling loans in this way.

Among its concerns is that such an approach might affect the government's standing in international capital markets. It is also afraid of being seen by investors as taking a position on interest rate trends.

According to one banker, however, its very inaction smacks of speculation. It involves a mismatch between short- and long-term rates which, if perpetrated by a bank, would meet "a very unsympathetic response" from the Bank of England.

An executive at one leading industrial company added that the savings could have been substantial. During the last 2¼ years, the six-month sterling deposit rate which lenders receive exceeded the five-year gilt rate by an average of 2.67 per cent. In 19 of the last 20 quarters, the short-term rate has been higher than gilts.

A survey of premium charges carried out last year by the Export Group for the Constructional Industries shows meanwhile that the ECGD's premium on South African risk is effectively three times that of Coface of France and over twice that of Germany's Hermes.

The ECGD has a real problem, bankers acknowledge, in that 40 per cent of its business is with just six countries: China, Hong Kong, India, Indonesia, South Africa and the Soviet Union. Instead of pressing for restrictions on cover, the Treasury could help the ECGD to find ways of laying off this risk, bankers say.

Possibilities would include seeking guarantees from commercial banks and reinsurance arrangements with other export credit agencies.

Japanese car manufacturers reduce production

By Ian Rodger in Tokyo

JAPANESE motor manufacturers are reducing output because of the fall in the US market and slowing demand at home.

Yesterday, Nissan Motor and Mitsubishi Motor joined the list of companies making production cuts, and Toyota Motor, the country's largest producer, is expected to follow shortly.

The scale of the cuts is still very modest in relation to the industry's overall annual output of 13.4m units, but if it accelerates, as some analysts predict, it could have an impact on the already flagging growth rate of the Japanese economy.

About a tenth of the Japanese workforce depends on the motor industry for its livelihood.

"This is just the beginning of very difficult times for the Japanese car industry," Mr Stephen Marvin, an analyst with brokers Jardine Fleming in Tokyo, said.

Mr Yutaka Kume, president of Nissan, said the company would cut shipments to the US by 4,500-5,000 units next month, which is about a 15 per cent reduction from the normal level.

Mitsubishi Motors said it would reduce production in Japan in February and March by 3,000 units and Diamond Star Motors, its joint venture in the US with Chrysler, would cut output by 5,000 units.

A spokesman for Toyota Motor said the company was still considering its production schedule for March, but noted that its US car sales in January were down 16.5 per cent from a year earlier. "Naturally we will have to adjust production," he said.

Most companies put the blame for their moves on the fall in US demand. Mr Kume said the US market was being affected by the Gulf war. However, he also predicted that vehicle sales in the Japanese market would be below his previous estimate of 6.03m units. Sales in the Japanese market have virtually stopped growing since last August.

Mr Kume said Nissan was reviewing its capital spending plans and expected its spending in the next fiscal year, beginning in April, would be lower than this year.

To some extent, the cuts in exports to the US were to be expected, given the rapid build-up of production capacity by Japanese manufacturers there. But this structural shift is probably being accelerated by the current downturn in demand.

"My guess is that they will try to keep capacity use up in the US because it is newer and they want to depreciate it. That means there will be unemployment in the Japanese industry in the next two or three years," Mr Marvin said.

Domestic vehicle sales, which have grown rapidly in the past three years, have been affected recently by high interest rates. Mr Ken Courtis, an economist with the Deutsche Bank group in Tokyo, said consumer confidence was waning and, unless interest rates were lowered soon, the economy might grow much more slowly than the government hoped.

Government economists, however, remain optimistic about the outlook at home and about a quick recovery from recession in the US.

Indian Engineering Fair flourishing in the face of the Gulf crisis

BIG crowds have been thronging the grounds of the Indian Engineering Fair in Delhi, where more companies are participating this year and more new products are on display than ever before, David Housego writes from New Delhi.

But the Gulf crisis, the travel problems faced by foreign companies, India's own foreign exchange shortage and the downturn in domestic manufacturing have all cast a shadow over the show.

At a time when India is pressing hard to expand its exports, Mr Tarun Das, the executive director of the Confederation of Engineering Industry (CEI) which organises the two-yearly fair, says: "Where we have lost out most is that a group of 50 from all the UN purchasing agencies who were coming for a week [have cancelled]."

Though foreign buyers have come from Europe and Africa, and there has been a large delegation from the Soviet Union, many have stayed away. The American stands are thinly manned, as a result of the war and US government warnings against travelling to India.

By contrast, British companies have come in force, with 150 businesses represented.

Under arrangements begun in 1985, to associate one big industrialised nation with the success of each fair, Britain this time is the "partner" country. It has drawn in 50 more companies than the US did two years ago.

This reflects efforts by British industry to reverse trends through most of the 1980s by which Britain lost its market share in exports and investment in a country where it had once been dominant.

The fair has become the show-case for Indian industry as well as for foreign companies seeking to break into the Indian market.

Czechs lay down the line on energy policy

First step taken to reduce dependence on Soviet Union for gas, writes Judy Dempsey

PLANS by Czechoslovakia to privatise Transgas, the main trunk gas pipeline which runs through the country from the Soviet Union to western Europe, are the first step towards reducing Czechoslovakia's dependence on the Soviet Union for its gas supplies.

But the decision by the federal government, with the assistance of N M Rothschild, the UK merchant bankers, to turn Transgas into a joint stock company is also likely to have far-reaching consequences for central Europe's energy supplies.

Transgas, constructed by the Czechoslovak authorities in the early 1970s, and owned by the government of the Czech and Slovak Federal Republic, has an annual capacity of 73bn cu metres of gas. A third is sold to Yugoslavia, a third to western Germany and the remainder to eastern Germany and Czechoslovakia. In 1990, the market value of gas transported across Czechoslovakia totalled $8bn (£4bn)

Since its construction, neither the Soviet Union nor those countries which received the gas paid Czechoslovakia any transit fees for use of the pipeline.

Instead, under a barter arrangement with Moscow, Czechoslovakia received payment partly in gas and partly in non-transferable roubles.

Until 1989, the Soviet Union was supplying more than 11bn cu metres to Czechoslovakia. But last year, because of the Soviet Union's domestic crisis and the need for additional hard-currency earnings, it reduced its oil and gas supplies to all the countries of eastern Europe.

Czechoslovakia, faced with a shortfall – its annual consumption totals 14bn cu metres and its own gas deposits supply no more than 500m cu metres a year – did not have

the hard currency to buy on the world market.

"The Russians monitored the gas at the metering stations on Czechoslovakia's borders with Austria and Germany," said Mr Vratislav Ludvik, the director of gas and oil at Czechoslovakia's federal ministry of economy. "We had no say. They didn't even allow us to receive gas from Algeria because the Russians were afraid of the competition."

The short-term aim – Czechoslovakia gaining control over Transgas – appears straightforward. Ownership will be transferred by way of a joint stock company to the Czech Republic and Slovak Republic. In the meantime, the Czechoslovak authorities will continue negotiations with the Soviet Union to establish what Mr Ludvik calls contracts on a proper footing. "We want to receive hard currency for use of our pipeline and based on contracts."

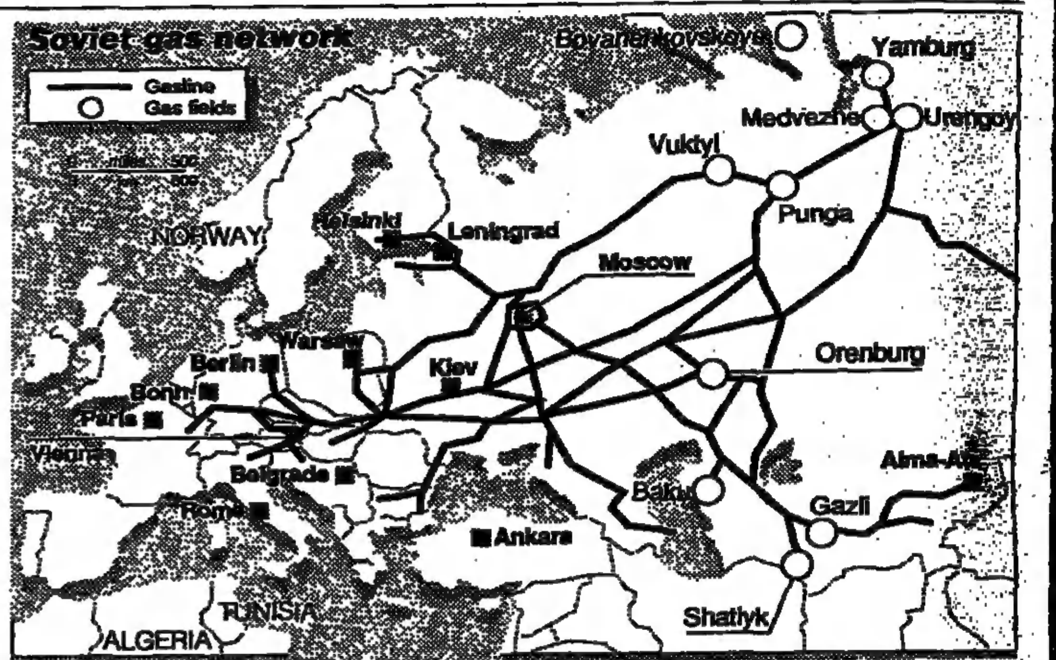
After assessments, including the evaluation of assets, there are plans to increase the annual capacity of the pipeline from its current 73bn cu metres to 79bn cu metres through capital investment in the compressor stations at Zlievce and Nitra in Slovakia.

Then a first tranche of shares – between 20 and 25 per cent – is expected to be offered to European gas companies. That capital will form the backbone of Czechoslovakia's future energy policy.

"Our aim is to lock Czechoslovakia into other European pipelines," said Mr Ludvik. This would entail Czechoslovakia obtaining access to a number of European pipelines.

These include the Transmed gas pipeline, Italy's main source of gas, which originates in Algeria and extends across to Tunisia and up through northern Italy; the line in Holland which supplies gas to France, Germany and the Benelux countries; the line in France, which imports liquefied gas from Algeria which is then reconverted and fed into the French network; and the Norwegian gas pipeline, which has yet to be fully integrated into Europe.

Talks aimed at linking the Norwegian pipeline with the Algerian pipeline by the late 1990s, and integrating Europe's gas supplies, are in progress. "It will take time to obtain access to this or any other pipeline. Besides us, the Poles and Hungarians will be very interested. It will reduce their dependence on the Soviet Union," said Mr Ludvik.



The need to diversify its energy sources is also linked to Czechoslovakia's need for more gas, necessitated by its shift away from the use of brown coal, one of the sources of Czechoslovakia's environmental problems. Mr Ludvik reckons that this shift in energy policy will lead to an increase in consumption by 8bn-10bn cu metres, to 22bn-24bn cu metres a year.

"There will be long negotiations with gas companies in Europe," said Mr Luvik. "But we have no time to waste. Our industry needs reliable supplies of energy. Our reforms depend on that."

Peruvian PM 'quits' after split over tight economic policy

By Sally Bowen in Lima

PRESIDENT Alberto Fujimori of Peru has accepted the resignation of Mr Juan Carlos Hurtado Miller, prime minister and minister of economy and finance since the government took office last July, it was reported yesterday. However, by yesterday afternoon, Mr Fujimori had said nothing publicly about his cabinet.

The resignation, if confirmed, would follow a clash in the cabinet over economic policy which could heavily damage normalisation of Peru's relations with the international financial community.

Mr Hurtado Miller has been heading negotiation of a reference programme with the International Monetary Fund, and seeking, with help from Mr Michel Camdessus, IMF managing director, $800m (£404m) from a support group of friendly countries to cover Peru's immediate arrears to the multilateral institutions.

Internal cabinet disagreements over economic policy surfaced last week with the leak of an "alternative economic plan" presented by Mr Guido Pennano, industry and tourism minister. It was radically different from the government line, proposing adjustment to the exchange rate in an attempt to relieve the beleaguered export sector.

The proposals – quite counter to the present tight fiscal programme being negotiated with the IMF – hinged on the partial dollarisation of the Peruvian economy. After indexation of salaries and other key prices, the dollar and a new inti (the present currency with six noughts deleted) would have fixed parity.

Mr Pennano also proposed making immediate debt payments only to the Inter-American Development Bank, with nothing this year to the World Bank or IMF.

It has become clear that Mr Hurtado Miller and Mr Pennano could not continue to serve together.

The Lima daily Expreso yesterday reported as "almost certain" the appointment as economy and finance minister of Mr Carlos Bolona, an orthodox economist and once chief adviser to Mr Carlos Rodriguez Pastor, economy minister in President Fernando Belaúnde's 1980-85 administration.

Price freeze leads Brazil to import EC food

By Christina Lamb in Rio de Janeiro

BRAZIL'S new price freeze is already leading to severe shortages, prompting the government to import $120m (£60.6m) of beef from the EC.

Many shop shelves are already empty of meat, milk, rice and cooking oil as a result of the price freeze announced two weeks ago. This fixed prices of these items at a level, so shopkeepers claim, that makes it uneconomic for them to sell, given the high cost of paying their suppliers. Those supermarkets still selling these products say they are simply moving existing stock.

Mr Romeu Tuma, federal police chief, has threatened legal action against cattle-raisers, who he alleges have increased their prices by 33 per cent since last week. "We cannot allow saboteurs to the [government's price] plan, nor is it fair that one segment of the population gets richer at the expense of the rest," he said.

Shortages in the shops and the growth of a black market for food have surfaced much more rapidly this time than in Brazil's last four price freezes since 1986, all of which were notoriously difficult to administer.

Mr Edgard Pereira, national economy secretary, said Brazil was negotiating with France, Italy and Germany to import 10,000 tonnes of beef at prices "lower than that practised by the internal market", in order to force Brazilian farmers to reduce their prices. He added that Brazil was also considering importing milk powder and rice for the same reason.

Venezuela orders spending cuts

By Joe Mann in Caracas

THE Venezuelan administration, concerned over weak international oil prices, has ordered spending reductions of close to 10 per cent in its 1991 budget of $14.3bn (£7.2bn).

The government depends heavily on the taxes it levies on petroleum exports. International price trends in recent weeks suggest that the government's petroleum export target of $13.2bn may be over-ambitious, and be pointing to a serious fiscal deficit.

To confront this problem, the cabinet ordered some reductions in expenditure, including cuts in the hiring of new public employees.

Mr Roberto Pocaterra, minister of finance, said the budget problems were "manageable".

However, critics in the private sector say the government is hiding the true extent of the projected budget gap and is reluctant to make any significant spending cuts.

The administration of President Carlos Andrés Pérez hopes to foment economic growth of 5 to 7 per cent this year, mainly through heavy spending by the central government, the national oil company and other state-owned entities.

Noriega associate in plea agreement

A CO-DEFENDANT of General Manuel Antonio Noriega yesterday pleaded guilty to one drug-dealing charge and agreed to testify against the deposed Panamanian leader, AP reports from Miami.

Mr Amet Paredes, the last main co-defendant still in custody, could have faced 95 years in prison on various charges, but now the prosecution will recommend a maximum of 10 years on one conspiracy count.

Unsold stocks pile up at US companies

STOCKS of unsold goods are beginning to pile up at US companies, indicating that production cuts this quarter could be sharper than anticipated, Michael Prowse writes from Washington.

The average ratio of inventories to sales in manufacturing, and in the retail and wholesale trades, rose to 1.53 per cent in December, the Commerce Department reported yesterday. This is compared with 1.50 per cent in November and 1.42 as recently as August.

The rise in recent months is significant after a long period of comparative stability. It reflects the failure of companies to cut inventories rapidly enough to keep pace with sagging sales.

The ratio is watched closely by economists because cuts in inventories typically account for a large proportion of the decline in gross national product during recessions.

The White House and other forecasters have cited tight control of inventories as a reason for expecting a mild recession.

Inventories fell by 0.7 per cent to $810.7bn (£409.4bn) in December, but the decline was more than offset by a 2.3 per cent drop in manufacturers' and distributors' sales, to $530.9bn.

The biggest movement occurred in manufacturing, where the inventories to sales ratio rose to 1.61 per cent from 1.57 per cent in November and 1.44 per cent last August – the month many analysts believe marked the start of the recession.

Watching and waiting on the war

The Gulf is delaying 1992's US presidential race, writes Peter Riddell

THE GULF war has delayed the start of the 1992 presidential campaign in the US. Four years ago, eight candidates were active in the field, making speeches and raising money.

Now, nobody has yet stirred. Candidates believe the public would resent a formal declaration during the course of what is expected to be a relatively short war.

On the Democratic Party's side, potential runners also want to see what happens in the Gulf before deciding whether to enter in 1992, or wait until 1996 when Mr George Bush cannot run again.

The conventional Washington view is that, if the war is protracted and US casualties are high, then Mr Bush's current high approval in the opinion polls will dive. He will become electorally vulnerable, especially if the present recession does not turn out to be as mild and brief as he hopes.

On the other hand, if there is a rapid and less bloody end to the war, and the economy picks up this year, then Mr Bush will be assured of re-election, its is thought.

Politics are seldom as simple. The war could end by April, but the aftermath could be messy, with terrorism against US and allied targets and complicated political manoeuvres in the Middle East. It could be a pyrrhic victory.

A British parallel would be the miners' strike of 1984-85, which most voters regarded as a necessary, though unpleasant, struggle against the brand of confrontational trade unionism espoused by Mr Arthur Scargill, the miners' leader. When the miners' union was defeated, though, the ruling Conservative Party in the UK received little political benefit.

In the US, most Americans regard the war as necessary, but are far from jingoistic. So, when the fighting is over, attention may return to familiar domestic issues, where Mr Bush's standing is much lower.

Yet the Democrats have their own problems. Branded for 20 years since the Vietnam war as weak on defence, they have appeared equivocal over the present war.

Democratic leaders failed to recall Congress last November when the US military build-up was announced.

Nunn, Gephardt, Cuomo: Three Democrats yet to start running

By early January, when Congress voted, it was, in practice, too late to press for maintaining UN sanctions against Iraq. Most Democrats, including the party's potential runners in 1992 (with the significant exception of Tennessee Senator Al Gore), were against Mr Bush only five weeks ago. They have all rallied behind the war now but their dissenting votes on January 12 stand to be cited against them if Mr Bush chooses to fight a flag-and-patriotism campaign, as he did in 1988.

Possible Democratic runners include Mr Gore, Georgia Senator Sam Nunn, New York Governor Mario Cuomo, Arkansas Governor Bill Clinton, Texas Senator Lloyd Bentsen (much-praised vice-presidential candidate in 1988), House majority leader Richard Gephardt, Nebraska Senator Bob Kerrey (wounded and decorated in the Vietnam war), Virginia Governor Douglas Wilder (the first elected black governor) andRev Jesse Jackson.

There is also talk of pressing Senator George Mitchell, the sharp and effective Democratic majority leader, to stand.

New Jersey Senator Bill Bradley has been ruling himself out, having been badly bruised last year when he scraped home in his re-election campaign. He needs time to rebuild his reputation.

Mr Bentsen, aged 70 and facing his last chance in 1992, could be the flag-bearer if Mr Bush is in a strong position.

If the president looks vulnerable, however, the field will widen. Voters in Democratic primaries have been regarded as left-leaning, perhaps too much so for the chances of mainstream senators Gore or Nunn. Even so, the latter has been trying to widen his appeal – by his stand on the Gulf crisis and by shifting his views on abortion rights towards a pro-choice position. He is also developing a domestic platform so that he is not seen only as a southern conservative, strong on defence.

Mr Cuomo remains as enigmatic as ever. He has distanced himself from Washington politicians by criticising the federal budget deal of last autumn, but he will have to sort out New York state's chronic budgetary problems before he can put himself forward.

Mr Gephardt at first ruled himself out when he became House majority leader in June 1989, but he has been behaving as a possible candidate, putting forward populist, anti-foreigner economic positions. Most significant of all, House Speaker Tom Foley said this month he would have no objections to Mr Gephardt retaining his House post while seeking the presidency.

Of the others, Mr Kerrey may be the new face of 1992, or 1996, while governors Clinton and Wilder look more plausible as possible vice-presidential candidates (especially the latter).

A widespread Washington view is that Mr Jackson has passed his political peak, but he still has appeal in the black community, which is much less supportive of the war than the white majority in the US.

On the Republican side, Mr Bush, at present, looks assured of renomination. However, the party split last autumn over higher taxes and there is still talk among conservatives of fielding a nominal opponent to ensure Mr Bush does not stray too far from their beliefs.

Everyone is waiting and watching. The politically active in the critical early states of Iowa and New Hampshire are feeling neglected, but they will not have to wait for ever.

FREE CALLS FOR THE TROOPS

AN APPEAL TO BRITISH INDUSTRY ON BEHALF OF THE BRITISH TROOPS IN THE GULF

Dear Colleague,

I have been considering how we in British industry can help our Forces in the Gulf at this difficult time. One way is to help them keep in touch with home. A phone call can really boost morale. We can give our troops the means to make that call.

That is why Cable & Wireless' subsidiary, Mercury, has recently sent forty payphones for British Forces to use at bases in Saudi Arabia. Mercury are rushing a further 46 payphones to the Gulf. It will operate them on a non-profit basis.

British Aerospace, National Westminster Bank and Cable & Wireless have joined together to contribute £1 million to purchase 100,000 Mercurycards for the Ministry of Defence to distribute to British personnel in the Gulf.

I want to take the initiative a step further, which is why I am now appealing for other British companies to join us in providing this help for our troops. A minimum contribution of £10,000 will buy 1,000 cards. Each card will pay for two or three short calls or for an eight-minute call home.

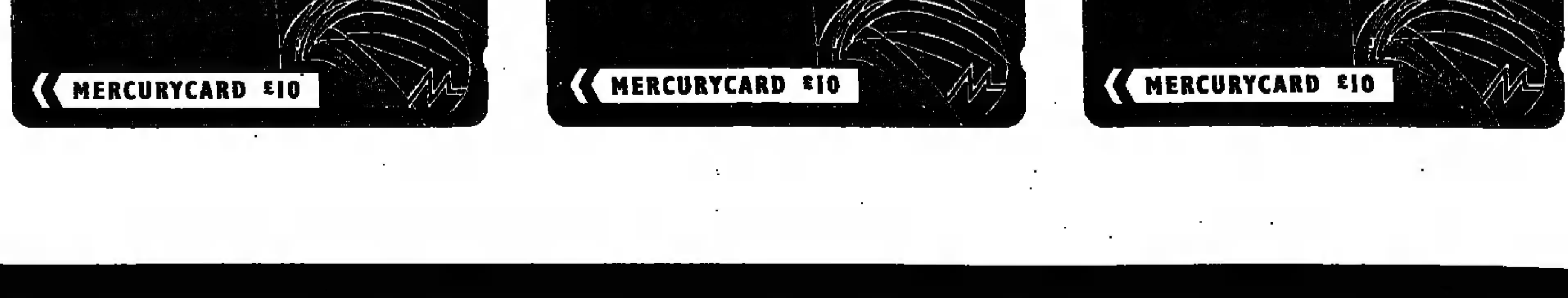
If you want to contribute, please telephone 0800 300 777 for further information. If your company wishes its name to appear on the cards, this can be arranged. We are making arrangements with Forces charities for gifts to be treated as charitable donations. When the crisis is over, any surplus funds will be donated to the Gulf Trust.

I hope you will join us to help maintain the important link between British Forces and their families.

Yours

David Young

LORD YOUNG OF GRAFFHAM



FOR FURTHER INFORMATION TELEPHONE 0800 300 777

India sells foreign securities to pay for imports

By David Housego in New Delhi

INDIA has sold virtually all its holdings of foreign securities in order to finance imports and to avoid defaulting on payments of interest or principal on its foreign debt.

The full seriousness of India's balance of payments crisis is only now coming publicly to light, with the release by the Reserve Bank (central bank) of figures on recent movements of foreign holdings.

These show that the Ministry of Finance began selling foreign securities – held as backing for the currency – in early November. Two weeks before, India had revalued its gold reserves to provide additional cover for the currency.

Holdings of Rs15.6bn (£421.6m) that the Reserve Bank maintained at a constant level through 1989 and 1990 had fallen to Rs5bn by the end of last November and to Rs2bn on February 1. There is a long-standing legal minimum of Rs850m that the bank must hold in foreign securities as backing for the currency.

Under its statutes, the only foreign securities the Bank is allowed to hold are government debt, government backed corporate bonds and issues by multinational institutions.

Analysts point out that the central bank was bound to have been at a disadvantage in selling its portfolio in such a hurry.

The sale of the securities, coupled with the revaluation of India's official gold, came shortly after Moody's, the US credit rating agency, downgraded India's rating by two points to BAA-1. This virtually blocked India from raising fresh commercial borrowings abroad.

Observers believe that India came close to technical default on interest payments on its foreign debt in January, before it drew on $1.8bn from the IMF as the first tranche of a stand-by credit and on a loan from the Contingency Compensatory Finance Facility (CCFF).

Though this has provided temporary relief, the foreign exchange position will remain precarious until India completes negotiations for a second tranche borrowing from the Fund of about $2bn.

The Fund is waiting to see the shape of the budget that the government of Mr Chandra Shekhar, the prime minister, is to present to parliament at the end of the month, before it takes a decision.

Though Mr Yaswant Sinha, the finance minister, has said that the deficit would be cut to 6.5 per cent of GDP from 8.3 per cent this year, there is some doubt whether the government has the will to do this.

Daewoo shipyard strike ends

WORKERS at Daewoo Shipbuilding and Heavy Machinery, South Korea's second largest shipyard, yesterday ended a six-day strike after agreeing a new contract with management, John Ridding reports from Seoul.

Management accepted union demands for annual bonuses equivalent to six months' pay and for long-service allowances. Management also agreed to consult the union before disciplining workers.

Yesterday's agreement finally completed four months of negotiations between union leaders and management and resolved 132 points of contention.

The new contract will be voted on by the union membership on February 19.

Investors believe an easing of monetary policy is on the way

Japanese interest rate cut ruled out

By Stefan Wagstyl in Tokyo

MR Yasushi Mieno, governor of the Bank of Japan, yesterday ruled out any rapid move to ease interest rates despite cuts in official rates this month in the US and the UK.

Speaking at a committee of the Diet (parliament), Mr Mieno said he would continue to watch the effects of previous rate increases, the last of which occurred last August, when the central bank raised the Official Discount Rate to 6 per cent.

However, many investors believe the central bank could be starting to prepare for a rate cut. Long-term and short-term interest rates have been falling since hitting peaks last autumn.

The recent stock market rally, which extended yesterday into its eighth day, has been partly inspired by a belief that an easing of monetary policy is on the way.

Some economists have noticed subtle changes in the comments of central bank officials, who have acknowledged that high interest rates are having an effect in the financial markets in bringing down stock and land prices and reducing the growth of the money supply.

The central bank is concerned that while it has established a tight grip on the money supply, inflationary pressures in the domestic economy remain strong, especially those caused by labour shortages.

Trade unions are about to launch their annual wage offensive, seeking rises of 8-9 per cent compared with just under 6 per cent achieved last year.

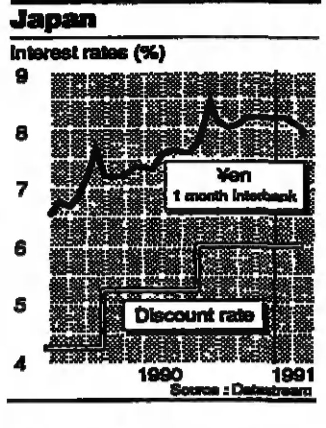
Yesterday, the central bank published its monthly report on wholesale prices showing prices in January rose 2.1 per cent compared with the same month last year.

Demands for rate cuts are likely to multiply as high interest rates drive more companies into bankruptcy.

According to Teikoku Data Bank, a private research body, the number of corporate bankruptcies rose last month for the fourth month in a row. The total of 646 was 42 per cent more than in January last year. Their total liabilities were Y642bn (£2.52bn), the second highest figure on record.

The collapse of Nanatomi, a stock market and land investment group with debts of Y286bn, inflated the total.

The data bank said the number of bankruptcies involving heavily indebted companies is rising, but failures caused by labour shortages remain significant.



Unemployment at 8.4% in Australia as retail sales fall

By Kevin Brown in Sydney

PROSPECTS of an early recovery from Australia's recession appeared to recede yesterday, as gloomy figures for unemployment and retail sales underlined the weakness of its economy.

The government said unemployment increased by 36,000 to 542,148 in January, lifting the unemployment rate from 8.1 per cent to 8.4 per cent, the highest since March 1987.

Equally worrying for the government, the participation rate, which measures the proportion of the working population who are working or seeking work, was only 0.1 points lower, at 63.8 per cent.

Some economists say unemployment could reach 10 per cent by the third quarter.

The government also said yesterday that the value of retail trade fell by 0.9 per cent in December, and by 0.4 per cent for the three months to December – only the second quarterly fall since 1965.

Analysts said the weakness of retail trade suggested that private consumption would also be negative in the December quarter. Combined with probable falls in business and housing investment, the figures indicate that private demand for the quarter may also be negative.

The one piece of good news for the government in this week's official figures is that the weak retail trade numbers support the view that the 2.7 per cent increase in the Consumer Price Index for the December quarter, announced on Wednesday, is unlikely to be repeated.

Most economists expect the annual rate of inflation to fall from 6.9 per cent to around 6 per cent by June, and to drop to little more than 5 per cent by the end of the year.

● Sydney-based journalists employed by the John Fairfax Group of newspapers, went on strike yesterday in protest against alleged editorial interference by the company's receivers. Journalists from the Sydney Morning Herald, Australian Financial Review and the Sunday Sun-Herald voted to strike until Sunday.

The dispute follows the refusal of Mr Des Nicholl, the Deloitte Ross Tohmatsu accountant appointed as receiver, to sign a charter of editorial independence drawn up by the journalists' union.

Children of Filipino overseas workers wear paper gas masks at a protest outside the presidential palace yesterday to demand the government relocate their fathers working in Eastern Saudi Arabia from the Gulf war zone

Legal web traps Manila sell-off

LEGAL questions are preventing the sale of 60 businesses held by the Asset Privatisation Trust, the chief counsel of the government body said yesterday, Greg Hutchinson writes from Manila.

The trust, set up in 1986 soon after President Corazon Aquino came to power, had sold 175 of the 399 assets inherited as bad debts from the state-owned Philippine National Bank and the Development Bank of the Philippines, Mr Fiorello Azura said.

The assets range from cement factories to hotels to blocks of land.

The most valuable said to be sold so far is the Nonoc Nickel mine and smelter for more than $300m.

Germany's trade surplus down by 20 per cent

By David Goodhart in Bonn and **Andrew Fisher** *in Frankfurt*

GERMANY'S trade surplus in December fell by 67 per cent, and for 1990 as a whole by 20 per cent, despite a 21 per cent rise in weapons exports during the year.

Mr Egon Hölder, president of the federal statistics office, gave details of German weapons exports for the first time, apparently in response to the interest in illegal German exports to Iraq. He said legal exports of weapons had risen in value to DM1.8bn (£620m) in 1990, representing 0.3 per cent of total exports. Some analysts, using a broader definition of weapons, believe the figure to be much higher.

Mr Hölder said two-thirds of the weapons go to states in the North Atlantic Treaty Alliance, with Norway the biggest importer followed by Turkey, the Netherlands and France. There have been no legal weapons exports to Iraq since 1961.

The trade surplus for 1990 fell from DM134.6bn to DM107.3bn with imports, many of them destined for new customers in east Germany, rising nearly 5 per cent and exports easing 0.2 per cent.

The annual surplus for west Germany alone fell by 32 per cent to DM92.1bn, the lowest level since 1985. In east Germany, included for the first time in the official statistics, exports fell by 7.4 per cent to DM38.1bn, but imports fell by 45 per cent to DM22.9bn. About 78 per cent of exports and 65 per cent of imports are still traded with former communist countries.

According to separate figures released yesterday, industrial production in east Germany fell a further 10 per cent in December after slight increases in the previous three months. However, industrial orders rose 5 per cent, indicating a potential stabilisation.

Imports into west Germany from the EC last year rose 11 per cent, while exports to the EC, which account for about half of the west German total, slipped by nearly 1 per cent. Unusually high import growth rates were recorded for products in heavy demand in east Germany, such as vehicles (up by 24 per cent), machinery (20 per cent), and electrical items (12 per cent).

The current account surplus for 1990 dropped from DM104bn to DM72bn, but only the second half of the year included east Germany. That is a slightly sharper drop than that earlier estimated by the Economics Ministry.

■ Prices in Germany rose by 0.6 per cent in January taking the annual inflation rate to 2.8 per cent. That is a relatively steep rise for a single month, but less than the 0.7 per cent originally calculated. The annualised rate remains the same as December and is down on November's 3 per cent. The biggest increase in January was in energy and groceries.

Hungary hosts anti-Warsaw Pact summit

By Nicholas Denton in Budapest

THE leaders of Hungary, Poland and Czechoslovakia meet today in Visegrad, near Budapest, to adopt a common stance towards the dissolution of the Warsaw Pact.

Hungarian officials organising the summit say the three countries will press for the quick dismantling of the political wing of the pact after the proposed April 1 deadline for the dissolution of the military structure.

Earlier this week, Soviet President Mikhail Gorbachev pre-empted his east European counterparts by unexpectedly announcing, and bringing forward its dissolution by April. However, a Hungarian foreign policy expert believed that Mr Jozsef Antall, the Hungarian prime minister, Mr Lech Walesa and Mr Vaclav Havel, the Polish and Czechoslovak presidents, would have to anticipate the possibility that the Soviet Union might insist on the prolongation of the political wing of the Warsaw pact in return for its recent initiative. All three want the complete dissolution of the organisation by the end of 1991.

Today's trilateral summit comes as the participants try to insulate their countries from the conservative backlash in the Soviet Union, the collapse of trade within Comecon, the Soviet-led trading system, and political uncertainty in the Balkans.

The main aim was to prove the stability of the region to western governments and investors.

"We have to demonstrate that we can work together ... to show that there are at least some east Europeans who don't fight each other," said an adviser to Mr Antall.

The leaders also hope to give a political impetus to talks on an "open free-trade zone" to help intra-regional trade, which fell sharply last year, and to make up for the collapse of Comecon.

The free-trade zone was "a public relations exercise" to please the International Monetary Fund and the EC about which no one was very enthusiastic, said Mr Laszlo Csaba, head of the influential Bridge Group of economists.

Echoing the private view of many officials that Hungary would only lose its lead by being grouped together with its neighbours, he added: "It is in our basic interest that we be *differentiated*."

Germans remember Dresden

German President Richard von Weizsäcker at a ceremony in the early hours of yesterday to mark the destruction of Dresden in the Second World War. Mr von Weizsäcker joined 10,000 people in a march with candles to the Frauenkirche, the church in the centre of the former East German city left as a ruin to commemorate the bombing by allied aircraft that killed more than 35,000 people.

US seeks Gatt ruling on Airbus subsidies

By Peter Riddell in Washington and **David Gardner** in Brussels

THE US is seeking a formal ruling from the General Agreement on Tariffs and Trade organisation about whether the German government's support for the European Airbus programme violates its rules on subsidies. If the ruling is against Germany, the subsidies must be ended.

The action, though signalled in advance, dents hopes expressed only two weeks ago in Brussels that the long-running dispute over Airbus subsidies was within sight of settlement. The revival of the dispute is part of a pattern of deteriorating trade relations between the EC and the US, aggravated most of all by the row within the Uruguay Round over farm subsidies.

In announcing the lodging of a formal complaint, Mrs Carla Hills, the US trade representative, said talks to resolve the dispute had failed. She said that with no new European proposals in more than six months, and the rejection by the Europeans this week of a fresh US offer, "we must doubt the ability of the Community to reach any agreement that disciplines future subsidies".

The immediate point at issue is the Bonn government's guarantees to Daimler Benz against losses on adverse exchange rate movements. "The German programme is wholly inconsistent with the Gatt subsidies code specifically prohibiting such export subsidies," Mrs Hills said.

This is part of a broader argument about the level of government subsidies by the four participants in Airbus – Germany, France, Britain and Spain – in view of growing concern by Boeing and McDonnell-Douglas.

Mrs Hills' office said that, in addition to the specific complaint about currency subsidies, it was also reviewing possible action on other subsidies.

The US said yesterday the Airbus programme had received, or is committed to receive, direct government support worth nearly $20bn, putting US aircraft manufacturers, who receive no government support, at a disadvantage. The Europeans argue that the US producers are helped through large Pentagon contracts.

The latest EC proposal sought to conserve the German regime for Deutsche Airbus. In exchange, the Airbus partners undertook not to introduce any new foreign exchange support mechanisms. They also, implicitly, made it clear they would shelve their own objections to past US government support for Boeing and McDonnell-Douglas, but seek a pledge of no further indirect support.

Bonn plans for budget deficit of DM70bn

By David Marsh in Bonn

THE Bonn Finance Ministry yesterday put forward plans for a government budget deficit of DM70bn this year. At the same time, it increased pressure on federal states in west Germany to provide more funds for restructuring the east of the country.

Against the background of fast deterioration in the finances of east German states (Länder), Mr Rudolf Seiters, *chancellery minister, said that* west German Länder would have to contribute more to the costs of reunification.

The Finance Ministry said this year's DM70bn deficit would arise on budget spending of DM399.7bn, including a net total of DM80bn in spending linked to unification, and DM11bn in outlays caused by the Gulf war.

According to last year's figures – which are not fully comparable because of changes in budgetary patterns caused by unification on October 3 – the central government in 1990 registered a deficit of DM46.8bn on expenditure of DM380bn.

Last year's deficit was well *below the end-1990 estimate of* DM67bn, because of hold-ups in spending on east Germany. The draft budget is to be presented to the cabinet next week, but will retain a heavy element of provisionality because of possible tax rises.

Sweden moves to revive growth

By John Burton

SWEDEN'S Social Democratic government yesterday unveiled a broad-based business policy designed to revive economic growth as the country confronts possibly its worst postwar recession.

A programme to make the economy more competitive is already underway. Other measures have included tax reform, a planned membership application for the European Community, and a delay in shutting down nuclear reactors.

The centrepiece of the programme is a SKr100bn (£9.2bn) project to improve transport, including railways, roads and municipal mass transit systems, as well as telecommunications, particularly the mobile telephone network.

Rules limiting market competition, particularly in the agricultural sector, will be abolished or modified in an effort to bring down the inflation rate. Market-sharing in the food sector will be prohibited, while import barriers against agricultural products will be reduced. Domestic air traffic will also be gradually deregulated.

The government reaffirmed its promise to ease its tight control over foreign corporate takeovers in Sweden, explaining that rules would conform to practices within the EC. But it said it would not release concrete proposals on the issue until the spring. The government also took a cautious stance toward relinquishing control over several state utility agencies.

It said the National Power Administration, which supplies electricity, and the state forestry agency, Domanverket, will be transformed into limited companies in 1992, but they will remain under state ownership. Swedish Telecom and the state railways may also became limited companies under state control later.

■ New orders to Swedish industry fell 25 per cent in December from a year earlier and were down 18 per cent from November, Statistics Sweden said, AP-DJ reports.

Spain begins cautious descent to soft economic landing

By Tom Burns in Madrid

TORN BETWEEN easing an over-strong peseta and warding off inflationary pressures, the Bank of Spain appears to have initiated a cautious *descent towards what analysts* called yesterday a "soft landing" of the high domestic interest rates.

Treasury bills were brought down yesterday by 20 basis points to 14.32 per cent in the wake of Wednesday's decision by the Bank of Spain to shave 0.2 per cent off its base lending rate, reducing it to 14.5 per cent.

Among the reactions yesterday, Bankinter, a pace-setting medium-sized bank linked to *Banco de Santander, lopped* 25 basis points off its prime rate to have it stand at 12.85 per cent and the Madrid Bolsa's rose by 2.4 points for the second day running.

The decision to ease the pressure on the peseta is dictated by what analysts termed "extremely strong" capital inflows in the past weeks that have pushed Spain's currency to the upper limits of the European Exchange Rate Mechanism (ERM) and put the *divergence indicator up to 70* per cent.

The capital inflows followed the lifting of a 25 per cent withholding tax on bond yields at the start of the year.

Moreover, the unions have redoubled calls for a more expansionary economic policy after a rise of more than 8,000 in the numbers out of work in January, the sixth successive monthly increase in the jobless total. This brought the total of unemployed up to *2.5m, or 15.6 per cent of the* active labour force.

Official caution over a meaningful reduction of interest rates nevertheless remains in place. It has been fuelled by a 14 per cent month-on-month money supply increase in January and by a 27 per cent surge in credit to the private sector. The consumer price index rose last month by 1.2 per cent, pushing inter-annual inflation up from 6.5 to 6.7 per cent.

"Spain is on a fork in the road," said Mr Jaime de Pinies, chief economist at Chase Manhattan's Spanish subsidiary. "Its ERM commitments point it towards a relaxation of its tight monetarist measures, but domestic considerations point to a continuing tightening of credit."

Progress in Italy's equities tax row

By Haig Simonian in Milan

DIFFERENCES were narrowed in Italy's bitter dispute over capital gains tax on equity trading during a meeting yesterday between Mr Rino Formica, the finance minister, and stock exchange representatives.

The confusion over the tax, which is now in its third version, has led to a severe drop in business on the country's stock exchanges. It has also provoked the threat of strikes by floor traders, who took industrial action last December in protest at the slow pace of bourse reform.

At the meeting, Mr Formica indicated a willingness to revise his latest capital gains tax decree, introduced at the end of January, in the light of criticisms by brokers and floor traders that it is even more complex and punitive than its predecessor. Although the floor traders have temporarily suspended their strike, *Mr Tito Rainis, the chairman of the* floor traders' association, said that a final decision depended on the amendments which the Finance Ministry would make.

Earlier this week, the finance committee of Italy's lower house of parliament put forward a series of modifications to make the new tax more palatable. The proposals included a reduction in the 20 and 25 per cent tax rates, and steps to soften the effect of capital gains on employees buying shares in their own companies.

Portugal prepares to resume its privatisation programme

PORTUGAL is to resume its privatisation programme which was halted last month because of the Gulf war. **Patrick Blum writes from Lisbon.**

Mr Miguel Beleza, the finance minister, was due to announce the programme's resumption last night at a conference in Lisbon on privatisation strategies.

The conference was organised by Lisbon's Technical University with support from the *Finance Ministry. Portugal has* an ambitious programme which includes the sale or partial sale of several banks, insurance companies, manufacturing groups and utilities.

Since the programme started in 1989, shares in eight companies have been sold and until the outbreak of the Gulf war many more sell-offs were planned. The programme will resume next month with the sale of shares in Alianca, an insurance company already 49 per cent privatised.

Belgians under fire on EC treaty

***By David Buchan** in Brussels*

BELGIUM has provoked sharp disagreement among its EC partners by proposing the revision of the Treaty of Rome to include a common industrial, as well as economic and monetary, policy.

Mr Willy Claes, Belgium's socialist deputy prime minister in charge of economic affairs, last week submitted a proposal to the Inter-Governmental Conference on political union calling for the Community's competence to be extended into *industrial policy.*

His paper proposed multi-annual programmes, clarification of EC rules under which governments can aid their industries and possible recourse to "temporary tariffs designed to promote the development of high-tech industry". It got a predictable drubbing from British, German and Dutch officials who decried it as a new version of Gosplan dirigisme, but some support from southern countries.

The Belgian initiative coincides with a rather different German move, in the other IGC on economic and monetary *union, to write a preference for* privatisation into the treaty.

Massacre haunts Soviet Moslems of Tajikistan

Bitterness is mounting in an Asian outpost of Gorbachev's empire, **Jo Carley** writes

A SMALL ceremony almost took place this week on Dushanbe's central Lenin Square to mark the anniversary of last February's violent unrest in the Soviet central Asian republic of Tajikistan, when at least 25 Moslem demonstrators were shot dead by Soviet soldiers.

The families of the victims gathered in the square, hoping to lay photographs and flowers on the spot where their relatives died.

But a state of emergency is still in force in Dushanbe, and anything which smacks of an unsanctioned meeting or demonstration is banned. The moment the families laid their bundles on the wet tarmac, the articles were seized by waiting soldiers, ripped up and thrown away. The women themselves were pushed off the square, and then briefly detained.

"They told us that commem*orations were forbidden* – we had to forget the shooting," said one of the weeping women, whose 17-year-old son had died there.

Elsewhere in the city, the leaders of the Soviet republic's main opposition groups, the 7,000-strong Democratic Party, and Rasto-khez (Renaissance), the nationalist and anti-Communist popular front, were summoned by the chairman of the supreme soviet, Mr Kadriddin Aslanov, and bluntly told that meetings were banned.

The attempt by the Communist government to curtail commemoration of the tragic events one year ago has left the opposition groups increasingly bitter, not least since they claim the event has received scant international attention.

"When 13 Lithuanians were killed (in January) there was an international outrage. But when twice or three times as many (the Democrats claim the death toll could have been 50) were shot here by the army, hardly anyone said a thing," said Mr Shodmon Yusufov, leader of the Democratic Party. "Because we are Moslems in Asia, Europeans think we brought it on ourselves."

Furthermore, the crucial questions about the event – who organised the demonstrations, and who ordered the shooting – remain unresolved and highly controversial.

The government blames the event on Rasto-khez and the fledgling Islamic Party, *an organisation* which has now been formally declared unconstitutional. In a strongly-worded report two weeks ago, government investigators alleged that the leaders of these groups had organised the unrest as an attempted political coup to replace the present president, Mr Kakhar Makhkamov. The report also claimed that the riots were part of an attempted Islamic revolution.

Last August the government-controlled local television network broadcast the trials of some heavily-bearded mullahs, who allegedly had been plotting to establish an Islamic government.

Nevertheless, the official version of events has been accepted by many Tajiks. There is widespread belief that extremist Islamic and nationalist groups pose a serious threat to political stability, particularly since Tajikistan is offi*cially presented as one of the* poorest Soviet republics (a suggestion which ignores the booming but unmeasured shadow economy).

The republic's 50,000-strong Russian population has interpreted last year's disturbances as evidence of growing anti-Russian sentiment.

The official version of the events is angrily rejected by the opposition groups themselves. Mr Johirri Abdujabbor, leader of Rasto-khez, insists that his group did not organise the riots or demonstrations. Indeed, many in the Rasto-khez movement claim the riots were deliberately provoked by the government itself, to provide an excuse to clamp down on the growing opposition to Communist rule.

"What we saw in Dushanbe is in a pattern that was repeated in Baku, Tbilisi and now in Vilnius," said Mr Yusufov. "It is Communist Party *imperialism* which is to blame." The opposition also claims that much of the fear of anti-Russian aggression and religious extremism has been artificially whipped up by the government-controlled media.

They are now demanding that an independent human rights group should investigate the shootings.

UK NEWS

Number of repossessed properties hits record

By John Authers

HOME LOANS institutions last year repossessed 43,890 houses – almost three times more than in 1989 and the most since records began in 1979.

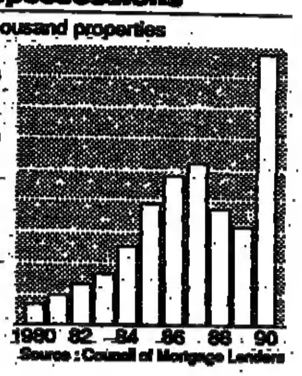
Repossessions accounted for 0.47 per cent of all home loans, known in the UK as mortgages. The number of property buyers with mortgage arrears of more than 12 months also rose sharply, from 13,480 in 1989 to 36,100 in 1990.

The Council of Mortgage Lenders (CML), which announced the figures yesterday, said high interest rates and the slumping property market were to blame.

Mr Mark Boleat, director general of the CML, said: "High interest rates of themselves create severe difficulties for many borrowers while adding to the pressures faced by those with other problems."

Mortgage repossessions

Thousand properties



Source: Council of Mortgage Lenders

Higher interest rates and stagnant house prices, which ruled out selling the house as an attractive option, forced some of these people into surrendering their house.

Surveys by lenders show that arrears problems have mostly hit young professionals in the south-east, but are now spreading throughout the country.

According to the Lord Chancellor's department, the biggest rise last year in legal actions concerning mortgages was in London, where the number of cases increased by 110 per cent to 17,452.

In the rest of England and Wales the average increase in court cases was 63 per cent.

UK ECONOMY

Inflation proves stubborn as unemployment climbs

By Rachel Johnson, Peter Norman and Peter Marsh

UNEMPLOYMENT in Britain rose by 46,200 to 1.9m in January amid signs that the recession is taking longer to squeeze inflation out of the economy than expected.

A raft of official figures and the Bank of England's latest quarterly bulletin provided the government with clear evidence that high interest rates were pushing the economy further into decline.

They also showed that recession has yet to curb high wage settlements which threaten to undermine the government's priority of bringing down inflation.

With the news of unemployment's tenth consecutive monthly rise came evidence of of sharp cuts in manufacturing investment and output.

Government figures showed that investment slumped by 15 per cent in the last quarter of 1990 compared with a year earlier.

Manufacturing output in the final three months of last year dropped by 3 per cent compared with the previous quarter, the biggest rate of decline since early 1981.

Last month, Britain's unemployment rate rose to 6.6 per cent from 6.5 per cent in December, according to Department of Employment figures.

Without adjustment for normal seasonal variations, the jobless total reached 1.96m after a rise of 109,366 in January, the largest monthly increase for five years.

The department said the underlying growth in unemployment was around 60,000 a month.

Unemployment in Britain is widely forecast in the City to reach at least 2.5m by the end of this year.

Other employment department figures released yesterday pointed to continued strong wage inflation.

The underlying increase in average earnings across the whole economy was 9.75 per cent in December, unchanged for the third consecutive month. With many pay settlements this year clustering above 10 per cent, City economists expect average earnings to rise even higher in January.

Mr Michael Howard, the employment secretary, warned that the UK's unit wage costs in manufacturing were rising faster than those of international competitors.

Falling productivity and rising average earnings pushed unit wage cost growth over the year to December to 12.5 per cent from November's 11.6 per cent – the highest for ten years.

The Bank also warned that a sharp downward adjustment in pay settlements was needed for Britain to avoid further losses in competitiveness and additional increases in unemployment.

So far, the Bank said, there was little concrete evidence that pay settlements had adjusted to the new regime of full EMS membership or that the recession had any significant effect on earnings growth and underlying inflation.

Although the Bank said the recession was worse than expected, it did not expect it to be very deep or long.

There were no worries in Threadneedle Street that Britain is facing a 1930's style depression.

On the other hand, the Finance Houses Association, whose members lend to industry and consumers, said the worst of the recession was still to come. It said defaults on loans were growing and that lending had declined sharply in the last three months.

● There was fresh alarm in the UK motor trade as it became clear that new car sales so far in February have fallen to a level nearly 40 per cent below those of a year ago. Sales of light commercial vehicles are even harder hit, running at nearly one half of the year-ago.

Ironically, the new worries coincided with statistics released by the Society of Motor Manufacturers and Traders yesterday showing that UK car production last month was up 8.3 per cent, as a result of sharply rising exports.

Lex, Page 18

Germany's partners face dilemma

By Peter Norman, Economics Correspondent

ECONOMIC developments in Germany and the weak dollar exchange rate could pose an awkward dilemma for Germany's partners in the exchange rate mechanism (ERM) of the European Monetary System, the Bank of England said.

In its latest quarterly bulletin, the Bank said the other ERM countries might have to strive for lower inflation than Germany if the EMS is to adjust to the pressures caused by German unification.

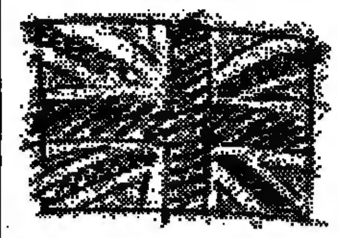
In the conditions of a floating exchange rate system, the increased demand and high fiscal deficit triggered by German unification might have been expected to lead to a nominal appreciation of the value of the D-mark as a mechanism of transferring demand from Germany to the other ERM countries, the Bank said.

Because there is a determination to avoid currency realignments in the ERM, "the necessary real adjustment would then call for lower inflation in Germany's partners than it experiences itself," the Bank said.

The Bank said that Germany's projected fiscal deficit of around 5 per cent of gross domestic product this year should be supportable. But it warned that it is "especially important" that the German government achieves its announced DM35bn of expenditure cuts and keeps the deficit within acceptable bounds.

Hinting that any other course might result in higher German interest rates, the Bank said: "Otherwise the growing deficit would imply that a further part of the burden of containing inflation be borne by monetary policy."

BRITAIN IN BRIEF



Tories split on plans to alter poll tax

Government efforts to replace or overhaul the community charge, or poll tax, have stalled amid growing evidence that there is no consensus among either ministers or Conservative MPs on an alternative system of local government finance.

Ministers involved in the review of the tax announced in December by Mr John Major, prime minister, see no significant progress.

Mr Michael Heseltine, environment secretary, charged with making the poll tax more acceptable, has put forward a number of suggestions since his appointment as Environment Secretary, but all have run into strong objections from other Whitehall departments, most notably the Treasury.

Michael Heseltine: Whitehall departments objected to ideas on poll tax reform

Hopes within the Department of the Environment that a reduced flat rate charge could be combined with a property-based tax have run into strong objections from the Treasury, with one insider describing the plan as an "administrative nightmare."

Action urged on outpatients

Positive management action could lead to significant efficiency gains in National Health Service outpatient services, according to a National Audit Office report.

Large variations in the time patients wait for their first routine appointment are shown in a NAO survey in the report. These range from 1-5 weeks at St James's University Hospital, Leeds, to 16-22 weeks at Chester Royal Infirmary.

Once patients reached the hospital, says the report, waiting times were a "significant problem." The average waiting time was 30 minutes or less in 53 per cent of the clinics surveyed and patients had to wait more than an hour in 7 per cent of clinics.

Nine community forests planned

Nine more community forests to be developed near major urban areas have been announced by the government as part of a joint initiative by the Countryside Commission and Forestry Commission.

The new forests will be near Bedford and South Hertfordshire north of London, Bristol and Swindon in the west, Cleveland and South Yorkshire in the north-east, Manchester and Merseyside in the north-west and Nottingham in the Midlands.

Labour fails to halt arms aid

The opposition Labour party has failed to in an attempt to prevent companies exporting arms to politically-unstable regimes being offered government insurance to cover the deals.

Trade spokesman Ms Joyce Quin told the committee on the Export and Investment Guarantees Bill that last year equipment which could be used for military purposes was exported to Iraq with insurance from the government's Export Credit Guarantees Department (ECGD).

But Trade Minister Tim Sainsbury said that the department had no role in export controls and that the important control was the licensing of military exports.

BT's relative prices rise

The price of British Telecom's services increased compared with those of France and Germany over the past year, according to figures published by Oftel, the regulatory body.

However, Oftel notes that the company's position has improved relative to that of Italy.

Between August 1987 and January 1991, France Telecom's prices have fallen relative to BT's by over 20 per cent and the German Bundespost Telekom's prices by over 10 per cent.

The opposition Labour party has called for British Telecom's pricing policy to be referred to the Monopolies and Mergers Commission, the monopolies watchdog.

Changes plan for Channel 3

The independent Television Commission is to recommend ITV companies to appoint a central scheduler, who would control a budget of more than £450m, to co-ordinate network programming for Channel 3, as ITV will be known when the new licences come into force in 1993.

Until recently the ITV network schedule was dominated by Thames, LWT, Central, Granada and Yorkshire, which were guaranteed the right to sell programmes to the network. Smaller companies complained about the system. It has since been modified and the network schedule is now drawn up by representatives of 10 ITV companies.

Minister imposes export ban on Constable painting

Mr Tim Renton, the Arts Minister, has imposed a temporary export ban on "The Lock" (pictured above), one of John Constable's most famous paintings. An art gallery or museum in the UK has until April 7 to raise the £10.9m now needed to keep the painting in the UK.

"The Lock" shows a scene on the River Stour in Suffolk, eastern England. The painting was sold at Sotheby's last November for £9.8m to a Sotheby's director, Baron Thyssen, who intended to add it his collection in Lucerne, Switzerland.

Washington irritated by traffic dispute

British Airways defies US ban on Atlantic fare cuts

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS yesterday announced additional fare cuts on North American routes, defying US government attempts to stop it offering sharp discounts on some of its transatlantic fares.

BA is cutting its summer season 30 days advanced purchase (Apex) return fares by a third from all UK airports on 25 routes to the US and Canada. Earlier this week it announced similar reductions on Apex return fares for passengers travelling from the US to the UK.

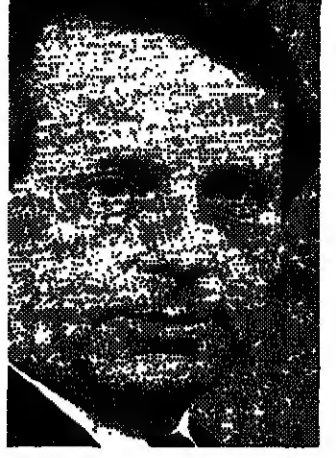
Mr Samuel Skinner, US transport secretary, on Tuesday blocked BA's transatlantic discounts throughout the summer season, allowing the airline to offer its cheaper fares only until the end of April.

The BA discounts sparked off a transatlantic fares war with US and other European airlines matching or increasing the BA cuts. Mr Skinner also blocked US carriers from offering cheap fares after April 30.

BA said the new cheap UK fares were filed with the British Civil Aviation Authority yesterday. Subject to CAA approval, they will be on sale from today.

"We are expecting full approval from the CAA and the US authorities on the basis that these fares are in the consumers' interest and solely designed to stimulate demand during a time of downturn," BA said.

Mr Skinner's decision to block the discounts beyond April 30 reflects the US government's increasing irritation over its failure to secure UK approval to transfer Pan American and TWA landing rights at London's Heathrow airport to United Airlines and American Airlines.



Skinner: 'to go extra mile'

Mr Malcolm Rifkind, the transport secretary, said he had been surprised by the US decision. It was "perverse" for the US authorities to link air fares with negotiations over Pan AM and TWA Heathrow landing rights.

Mr Skinner said yesterday that he was prepared "to go the extra mile" to settle the dispute with the UK by holding talks with Mr Rifkind.

"I think the time will come in the not so distant future when he and I will sit down side by side and hopefully work this out," Mr Skinner said.

Warning on aviation security

By Jimmy Burns

SECURITY in the aviation industry is underfunded, has not kept pace with technology, and remains at a "grave disadvantage" in the face of the threat of terrorism, a spokesman for the British relatives of victims of the Lockerbie disaster said yesterday.

Dr Jim Swire has undertaken extensive research into all aspects of aviation security since his daughter Flora was among 270 people killed when a bomb exploded aboard a Boeing 747 bound for New York over the Scottish town of Lockerbie.

He was speaking at the end of a four month fatal accident inquiry in Scotland into the disaster by Sheriff Principal John Mowat QC who is expected to produce his report by early next month.

Its brief is to reach a finding on the immediate causes of the disaster and any "reasonable precautions" which may have avoided it.

Dr Swire said British airports were among those worldwide which did not operate the kind of high-technology X-ray equipment capable of detecting a "Lockerbie-type bomb".

In the UK , only Gatwick was currently undergoing trial tests with the US-made TNA X-ray machine. This is designed to detect explosives by "bombarding" baggage with low-energy neutrons and identifying the signatures emitted by the nitrogen and hydrogen in explsive chemicals.

According to Dr Swire the doubling of budgetary resources on aviation security spent by Britain since the Lockerbie disaster remained an insufficient sum for the extensive research and development needed to effectively counter the terrorist threat.

Labour's united front on Gulf under pressure

By Ivo Dawnay, Political Correspondent

MR NEIL KINNOCK, the opposition Labour party leader, yesterday adamantly refused to qualify the party's support for the UN allies' bombing strategy in the Gulf war despite clearly expressed doubts by three front benchers.

Yesterday, officials insisted that the shadow cabinet had given unqualified backing to Mr Kinnock's statement on Wednesday that came shortly after news of the Baghdad air strike that left tens if not hundreds of dead.

This had expressed deep regret at the casualties but none the less reaffirmed confidence that the allies' air campaign was concentrating on military targets.

In BBC radio interviews yesterday, however, both Mr Robin Cook, the party's health spokesman, and Ms Joan Ruddock, a junior transport spokesman, called for a review of the bombing strategy.

Mr Cook told an interviewer: "It may be the time has come to ask whether all the bombing runs deep into Iraq are really necessary.

"Is it really necessary to blow up every power station, water supply, every bridge to get the troops out of Kuwait?" he asked, adding that some targets were "at least ambiguous".

Mrs Ruddock, a former chairman of the Campaign for Nuclear Disarmament, said there was growing unease among Labour MPs over the leadership's total backing for the government in the conflict.

The bombing war was going "quite beyond what the United Nations intended," she said.

Similar sentiments were also voiced by Ms Clare Short, the social security spokesman,

But while unease is growing in the Labour party, some front benchers have expressed equal irritation that some of their colleagues are breaking ranks.

One said yesterday: "It is all very well for Joan to wring her hands in public, but the rest of us – including Neil – are just as agonised about the war and the casualties.

"If she has an alternative to our policy she should say so, if not she should shut up."

Opponents of the party leadership were also dismissive arguing it would take considerably more civilian deaths before an outright revolt might be mounted to change Labour policy.

Party officials, meanwhile, have been attempting to clamp down further on front benchers defying the party line.

The BBC has received complaints that spokesmen called to discuss issues within their portfolios are being asked about the Gulf.

Journalists claim, however, that some Labour doubters are, in fact, using interviews on other topics as an opportunity to voice publicly their dissent.

● MR PETER Brooke, Northern Ireland secretary, yesterday gave the strongest hint so far that he will wait only a little longer before abandoning efforts to start talks on the province's political future.

Amid increasing gloom about the initiative he started more than a year ago, Mr Brooke said: "Talks about talks" were nearing a conclusion. Considerable political will, he added, would be required for success.

FT CONFERENCE – INTERNATIONAL BANKING

State ownership poses obstacle to single market

By David Lascelles, Banking Editor

STATE OWNERSHIP of banks in certain EC countries represents a potential obstacle to the evolution of the single market because it limits competition, a senior Bank of England official said yesterday.

Mr Brian Quinn, the Bank's executive director in charge of supervision, told the FT's international banking conference in London that state ownership could protect banks from takeover and distance them from the normal discipline of the market place. It also influenced their business objectives.

Mr Quinn was speaking in the wake of government attempts to block acquisitions by foreign state-owned companies on competition grounds.

Although Mr Quinn did not refer to specific cases, he said EC governments would have to accustom themselves to the idea of loosening national control over their banking systems if the single market was to evolve.

Quinn: protection warning

Dr Wolfgang Rieke, head of the international department of the Bundesbank, said the process of monetary union in Europe might take longer to prepare than people expect.

A premature locking of exchange parities within the EC would be unwelcome as much for countries with low inflation as those which were less advanced economically.

Mr Jean-Yves Haberer, chairman and chief executive officer of Crédit Lyonnais, one of the French state-owned banks involved in the UK government moves, said his bank aimed to become a widely diversified German-style universal bank within the Community.

A bank needed to have at least 1000 people in another EC country to achieve critical mass, he said.

But Mr André Lévy-Lang, chairman of the management board of Paribas, said concerns about conflicting interest and concentration of risk would limit the scope for universal banking.

He claimed the investment banking side would remain a specific segment with special organisations and staff.

Haberer: plans to diversify

The single market will lead to some diminution in London's share of the EC financial services market, according to Mr Anthony Loehnis, vice chairman of S.G. Warburg & Co, but its traditional strengths and hospitable atmosphere would ensure that it remained the centre of Europe's wholesale international banking and securities markets.

In Japan, a leading pre-occupation is with strengthening of the banking system, according to Mr Toru Kusukawa, deputy president of the Fuji Bank.

He told the conference it was essential to have healthy and efficient capital markets to avoid a vicious circle in which banks could not recapitalise themselves, leading to further difficulties.

Mr Thomas Labrecque, the new chairman of Chase Manhattan, said that the air of doom and gloom over the US banking industry had obscured the beginnings of a fundamental renewal, characterised by structural changes and a major initiative to reform banking regulation.

Levitt seeks talks on insurance

By Raymond Hughes, Law Courts Correspondent

AN "important and exciting" development had come to light in relation to the collapsed Levitt financial services group, Bow Street magistrates court was told yesterday, when Mr Roger Levitt, the group's founder, was remanded on bail until May 9 on £665,000 theft charges.

Mr Jonathan Goldberg, QC, for Mr Levitt, said a professional indemnity and fidelity insurance policy had been discovered which might mean that nobody would lose as a result of the collapse.

"Contrary to uninformed press speculation," Mr Goldberg said, the actual losses to date were probably no more than £5m.

Mr Goldberg was asking for one of the conditions of Mr Levitt's £500,000 bail to be altered to enable him to discuss the policy with two of the group's directors.

He said the policy with the Excess Insurance Company had come to light in the past few weeks. Its effect was that all losers might well have a claim of up to £2m each for their losses.

Excess Insurance Company, now called London & Edinburgh Insurance Group, yesterday referred inquiries about the policy to its London solicitors, Fishburn Boxer.

Mr Clive Boxer, the senior partner, said the policy had been taken out with effect from January 1990. Not all the premiums that should have been paid had been paid regularly.

Investors, Mr Boxer said, "should not assume that any claims they may have will entitle them to indemnity from the insurers."

After the hearing Mr Geoffrey Goldkorn, Mr Levitt's solicitor, said Mr Levitt would "be saying he is an honest victim of the recession, not a dishonest victim, that he has lost everything personally and is not guilty of any fraud."

Mr Levitt arriving at court

TECHNOLOGY

Lynton McLain asks whether optical computers can ever compete with conventional machines

Silicon chased by the speed of light

Using light instead [illegible] electricity [illegible] process and transmit information [illegible] for years been considered heir [illegible] the silicon circuit's throne. Only recently, however, have computer, telecommunications and electronics companies begun to [illegible] the chip's reign may [illegible] coming [illegible] a close.

Research into optical computing has [illegible] stimulated by [illegible] constraints [illegible] by electronics companies trying [illegible] performance [illegible] silicon circuits. AT&T, [illegible] US telecommunications [illegible] pany, [illegible] a limit of 1,000m components on [illegible] silicon chip [illegible] likely to [illegible] reached by the [illegible] Current chips [illegible] maximum [illegible] about 10m components.

Few companies pretend [illegible] optical technology [illegible] close [illegible] equalling [illegible] current capability [illegible] a [illegible] chip computer. Conventional computers [illegible] on mature technology that [illegible] been manufactured and sold on a large scale for [illegible] optical computing [illegible] in its infancy [illegible] for the most part [illegible] still in the research laboratory.

"There is no [illegible] thing as an optical computer as [illegible] layman would understand it, but as [illegible] research and development person, I would say that we have constructed [illegible] optical computer," says Andrew Walker, professor of [illegible] optics [illegible] Heriot-Watt University [illegible] Scotland.

Last year both Heriot-Watt [illegible] AT&T built [illegible] they [illegible] world's [illegible] optical processors. Heriot-Watt's machine employed optical logic devices – which [illegible] light instead [illegible] electricity [illegible] information – [illegible] guide fine beams of infra-red laser light.

Alan Huang, head of optical digital computing research [illegible] AT&T Bell Laboratories, says that AT&T's optical processor [illegible] the level [illegible] complexity necessary [illegible] be capable of running a washing machine. He [illegible] a step [illegible] an optical computer, but "the way forward [illegible] likely to be [illegible] marriage of electronic [illegible] optical components [illegible] by light. We are now able [illegible] give electronics the capability of dealing with light and [illegible] versa".

Optical computing is based on optical [illegible] which are made up of components that are effectively [illegible] (see below). [illegible] are the optical counterpart of [illegible] in electronic-integrated circuits, but they [illegible] faster [illegible] with [illegible] data-handling capability than electronic circuits. AT&T [illegible] that optical [illegible] could handle [illegible] times [illegible] much information [illegible] electronic computers.

The use of light [illegible] prospect [illegible] sequential and parallel processing [illegible] speeds unmatched by electronic computers. Light [illegible] parallel interconnections [illegible] more [illegible] 10m points of light in [illegible] single beam, which means [illegible] millions [illegible] different [illegible] information [illegible] processed simultaneously, opening [illegible] massive parallel processing [illegible] information.

Computer makers and researchers are divided, however, on the potential of optical computing. IBM [illegible] doubtful that general-purpose optical logic will become competitive with microelectronics in the foreseeable future. [illegible] Walker [illegible] that "we have already proved that [illegible] of IBM's [illegible] simism [illegible] unjustified".

[illegible] Smith, professor of physics at Heriot-Watt, [illegible] "optical computing could revolu[illegible] the real-time [illegible] of images, [illegible] demanding [illegible] for conventional computers". He [illegible] that optical computers will be used primarily for carrying [illegible] non-arithmetic [illegible] – such [illegible] the processing of pictures [illegible] speech – rather than for number-crunching arithmetical ones.

"[illegible] a whole host of non-arithmetic tasks, such [illegible] with [illegible] to computer memory, including *image processing*, [illegible] by optical computers because [illegible] very rapid [illegible] memory," [illegible] Smith.

Optical computing could be especially useful [illegible] speed up processing where [illegible] amounts [illegible] data are involved, [illegible] in engineering analysis, financial modelling, speech and vision recognition and weather forecasting.

Although optical computing [illegible] advancing slowly, the combination [illegible] electronics and optical technologies [illegible] already proving valuable in [illegible] tional computing. Smith [illegible] leading [illegible] at Heriot-[illegible] Edinburgh, St Andrews, Strathclyde [illegible] Glasgow universities under the Scottish Collaborative Initiative in Optoelectronic Sciences. [illegible] has just been [illegible] by the Science and Engineering [illegible] Council [illegible]

A short-term prospect [illegible] optical devices to be combined [illegible] in optoelec[illegible] devices, which will [illegible] "strategic, enabling technology [illegible] century," says Smith. [illegible] and electronics [illegible] single computer could help [illegible] come the speed-restricting [illegible] chips.

Work in Japan has focused on making hybrid semiconductor optoelectronic devices, used for precise control of optical and electronic systems.

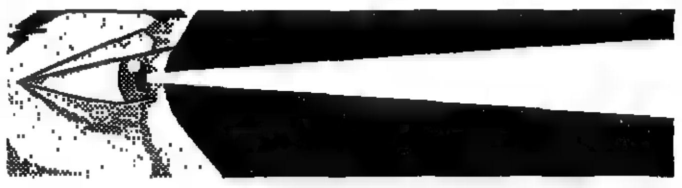
The merging [illegible] and optics [illegible] a tiny laser that [illegible] link [illegible] optical [illegible] for switching optical and elec[illegible] systems, such [illegible] in [illegible] communications and optical storage. [illegible] tiny lasers could become commercial products in [illegible] six months, [illegible] Huang. Two million [illegible] could [illegible] on [illegible] fingernail.

[illegible] devices are grown [illegible] layers of [illegible], one atom [illegible] [illegible], [illegible] Huang. "[illegible] make one layer behave optically and another behave electronically." These optoelectronic devices are potential bridge builders between conventional electronic silicon chip computer technology and optical processors.

IBM [illegible] optoelectronics to play [illegible] important role in optical communications and optical storage, the main areas where the company is concentrating its effort. The latest mainframe computer from IBM, the Enterprise System/9000, [illegible] the first from IBM to use a fibre optic link. This gives the computer the potential [illegible] longer [illegible] within a network with no loss of signal. IBM is also working on exploratory optical technologies that could be the basis of further hybrid optoelectronic [illegible] ICL [illegible] fibre optics [illegible] link processors inside computers.

The University of Arizona and the Optics Institute in Paris are also working on optical technology. In Japan more than 40 companies are looking into the benefits [illegible] optical computing, including NEC, NTT, Mitsubishi, Seiko Electronics and Fujitsu. Research is also being done by the universities of Tokyo, Osaka, Hiroshima and [illegible] with backing from the government, [illegible] at the Optoelectronics Technology Research Laboratory, Tsukuba.

Today's optical [illegible] controlled by electronic computers but eventually a program language will have [illegible] be found [illegible] handle [illegible] parallel processing capability of optical computers. Until [illegible] are overcome optical computers are unlikely [illegible] make the leap from [illegible] lab to the data [illegible] room.



Conventional computers are [illegible] on silicon chip-based [illegible] which [illegible] as electrical [illegible]

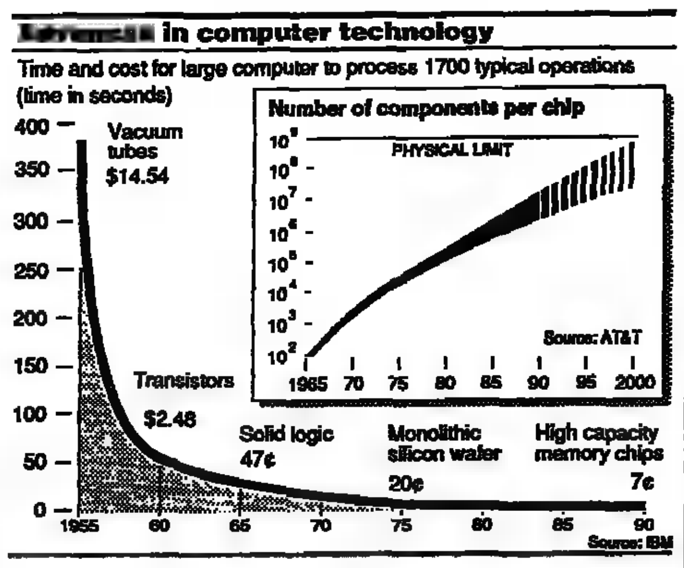
In the binary code underlying computer [illegible] a [illegible] turned "off" [illegible] represent 0; "on" can represent 1.

Optical computing uses the same principle, but in place of [illegible] the "on" and "off" devices are slices of special materials which form optical transistors.

Unlike the glass in spectacles or windows, which bends light in one [illegible] way determined by [illegible] refractive index of the glass, in optical transistors the refractive index varies according to the intensity of light.

This effect can be used to give the device two distinct and stable transmission states for one particular intensity of light. The device can be switched between these "on" and "off" states by other optical inputs.

Laser beams are used in place of electricity to power and connect these devices. The laser illuminates the optical transistors so they exhibit their two stable transmission characteristics, representing "on" and "off", 1 and 0.



Barcodes expand their horizons

SIMPLE bar codes appear on everything from tins of soup to soap powder. But there are now moves to develop the barcode so that it can carry much more information.

Symbol Technologies, of Bohemia, New York, is hoping *to get its two-dimensional* barcode – which is read up and down as well as from [illegible] to side – accepted as an international standard. One advantage of the Symbol code is that it can be read using the scanning equipment already in use – only the de-coding software has to be changed.

The new symbology, dubbed PDF 417, could carry more than 1,000 [illegible] per [illegible] inch – compared with [illegible] barcodes which contain [illegible] than [illegible] ters. This would [illegible] new code [illegible] in transportation and shipping, [illegible] one symbol could contain information on the contents, source and destination of a product.

■ Two companies from [illegible] have developed [illegible] labelling system to help manufacturers [illegible] outlets which [illegible] counterfeit [illegible]

The labelling system involves developing antibodies to specific chemicals. A characteristic of antibodies – the biological molecules which are generated in the body as a response to infection – *is that they are highly specific*, reacting to each infection or foreign substance differently.

William Sessions and Bio[illegible] have exploited the vari[illegible] antibodies to develop a [illegible] near limitless capacity. [illegible] company would have [illegible] unique label – possibly for each different product, making coun[illegible] difficult.

To use [illegible] anti-counterfeit label, an invisible chemical [illegible] is printed on [illegible] prod[illegible] or packaging. When treated [illegible] reagent incorporating the antibody the label becomes visible.

Software ready for field-work

COMPANIES that rely on their [illegible] staff gathering information in the [illegible] need special computer [illegible] on hand-held rugged computers to help them com[illegible] the task.

To speed up the [illegible] of writing such [illegible] Husky Computers, of Coventry, [illegible] teamed up with Software Products International, *of Pangbourne*, Berkshire, to develop a fourth-generation programming language and relational database system for writing hand-held computer applications. The software works on the Husky Hunter16 hand-held machine, which weighs just over 1kg and is the *size* of [illegible] paperback book.

The software should enable corporate data processing departments or Husky's own software centre *to develop* software in days rather than [illegible]

Clean water bags design award

[illegible] *METHOD of giving children* in poor countries clean water *has* won the Toshiba Year of Invention top award organised and announced by the Design Council, writes Lynton McLain.

The "oral rehydration [illegible] tem" could save millions of lives and has a huge potential in the travel market, according to the two microbiologists who invented the technique and are selling it *through* their company, Hampshire Advisory and Technical Services.

The system is [illegible] on [illegible] sealed bag containing a dry mixture of salt and sugar. This [illegible] attached to a sterile mouthpiece containing a dial[illegible] *membrane. When* immersed in potentially infected water, osmosis *draws the liquid into the bag* but [illegible] membrane excludes all viruses, bacteria and [illegible] ins. This [illegible] a sterile and safe drinking solution.

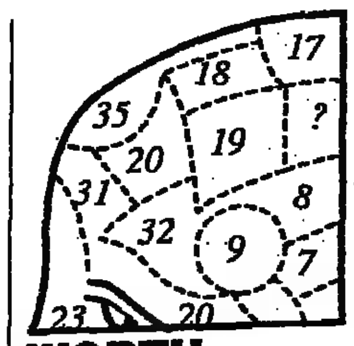
Database is put into the picture

DATABASE packages which run on personal [illegible] are widespread, but the [illegible] from Business Simulations, of London, allows companies to [illegible] pictures as well as text on [illegible] files.

Picture Cardbox, based on the Cardbox-Plus database [illegible] could be used for storing signatures, for signature verification, or employee photographs to ensure security in buildings as well as for parts catalogues, files of press cuttings or pictures of exhibits from museums or galleries.

The picture is fed into the PC using a scanner, video camera or video generation software. It is then compressed using a technique similar to that used by communications companies to compress images for video-conferencing – if there is a block of a single colour, for example, not every picture element will be stored, just a code to represent the area.

To ensure information can be called from the database quickly, the pictures are stored in a separate file from the text. Once the program has selected the correct textual file, the appropriate pictures are then called up too.



WORTH WATCHING

by Della Bradshaw

From aeroplanes to aquariums

THE uncertain future of the *aerospace industry* is forcing many aeroplane manufacturers to diversify. But few diversifications are as strange as that of Aerostructures, of Hamble, Southampton, formerly British Aerospace, which is now making acrylic structures for shark-ridden aquariums.

Aerostructures' more usual task is to manufacture the windows or canopies [illegible] pilots' cabins in airliners. Now, in conjunction with Sea Life Centres Technical, of Dorset, the company is using its huge industrial ovens to bend sheets of acrylic to make tunnels to be submerged in aquariums. The tunnels enable visitors to see marine life – particularly sharks – at very close quarters.

Contacts: Symbol Technologies: US, 516 563 2400. William Sessions: UK, 0904 [illegible], Husky Computers: UK, 0203 [illegible]. Hampshire Advisory and Technical Services: UK, 0705 [illegible]. Business Simulations: UK, 071 [illegible]. Sea Life Centre Technical: UK, [illegible].

THE PROPERTY MARKET

Japanese take the long-term view

By Michiyo Nakamoto

AS MORE and more banks in Europe and the US retreat from the UK property market under the strains of bad debts and the deepening recession, the property industry's fear has been that the Japanese would be the next to bow out.

After rapidly expanding their involvement in the UK real estate market, Japanese banks are being forced to slow down under the pressures of falling assets and higher interest rates in Japan. The huge life insurance companies also face growing demands for funds at home coupled with a sharp fall in insurance income.

Yet despite the gloomy outlook the signs are that while activity has fallen, the Japanese are set to play a continuing role in property investment in the UK and increasingly in continental Europe as well.

Interest in UK real estate is still strong among Japanese life insurance companies, which have invested about £600m in central London office buildings in the past two years, and has been growing among corporations keen to secure a European foothold ahead of the Single Market in 1992.

Yet Japanese financial institutions have not been immune to the financial turbulence that has hit the world's leading economies. Japa[illegible] banks, which have [illegible] their asset values trimmed by a 40 per cent fall on the Tokyo stock market, have become increasingly cautious as a growing number of dodgy property loans have cropped up on their books both at home and abroad. They are also nervous about a looming fall in Japanese property values which could further reduce their asset values.

Given the deteriorating state of the UK property market and the recent criticism directed at banks for supporting the latest property boom and bust, it is not surprising that many Japanese banks express measured enthusiasm for property financing in Britain.

"We cannot be aggressive in this market," [illegible] Mr Mitsuru Takaoka, joint general manager [illegible] Sanwa [illegible] London branch. "We will look at property [illegible] on a case-by-case basis." Some banks now openly admit to be scaling back their real [illegible] involvement. Recently, UK borrowers have reported increasing difficulty in obtaining Japanese finance.

Yet true to the Japanese corporate style, even the more pessimistic profess a long-term commitment to the real estate market. "It is odd for institutions to change their policy about something as important as property financing just because of a year or two of difficulties," says Mr Tadashi Natori, general manager at the Industrial Bank of Japan's London office.

Japanese bank lending as a proportion of new lending to the UK property sector surged from 5 per cent in 1986 to more than 14 per cent in 1989, according to Debenham Tewson & Chinnocks, the surveyors. Loans outstanding on commercial property increased from £140m in 1985 to nearly £4bn by 1990, Debenham says.

The net increase of lending by Japanese banks made on earlier commitments was 41 per cent in November [illegible]. This was by far the largest increase in that period among all bank groups, and compares with a net increase of 18 per cent for US banks and 23 per cent for all other overseas banks combined.

The total amount outstanding of Japanese bank lending to property companies in the UK was £4.07bn in November, compared with £2.71bn for US banks.

Several Japanese banks still express a keen interest in building up their property loan books. "We aim to be a major player on the property market," says an official at Mitsubishi Bank's London branch. "On the medium to long-term we have no intention of reducing our property lending and depending on the circumstances, we will even be very active in this respect."

Japanese bankers give several reasons for their interest in UK property lending. For example, margins of about one per cent to 1½ per cent over the London Interbank Offered Rate, can be nearly double that on sovereign loans.

One Japanese banker in London says his branch was cutting back on less profitable UK corporate financing and building up its special finance department, which includes property finance, and was the leading contributor to profits.

At the same time, many Japanese banks say they have not been as hurt by bad debts as their US or UK counterparts.

"Japanese banks have been even more selective in their property lending than in Japan," says Sanwa's Mr Takaoka. Most banks claim they have been particularly careful to ensure that there is a secure cash flow backed by pre-committed [illegible].

Some [illegible] smaller Japanese banks have shown interest in property financing as a relatively easy field for a newcomer to enter, says one consultant who [illegible] recently been asked by a number of regional banks [illegible] them on the UK real estate market.

The level of their activity in the UK will depend on how their parent banks fare amid mounting problems at home. However, many regional banks with representative offices in London have been waiting for years for a license to open a branch, and say there are no imminent changes to their plans.

The Bank of England, meanwhile, has curbed any undue enthusiasm by instructing the banks to keep their real estate loans within a fixed proportion of overall lending.

Both banks and securities companies are eager to increase business in the securitisation of property assets, such as the packaging of mortgages for sale on the securities market.

Stronger interest in real [illegible] investment may yet be an attraction for the still relatively cash-rich insurance companies and corporations which see the UK as a convenient [illegible] stone into the continental market ahead of 1992. Japanese institutional funds contributed 36 per cent to total institutional purchases last year, according to Debenham Tewson Research.

Several large Japanese [illegible] companies admit that they have more or [illegible] exhausted buying opportunities [illegible] US [illegible] are now turning their [illegible] increasingly towards the UK and continental Europe. The [illegible] the kind [illegible] antagonism towards Japanese investment seen in the US and [illegible] investment in Europe more attractive.

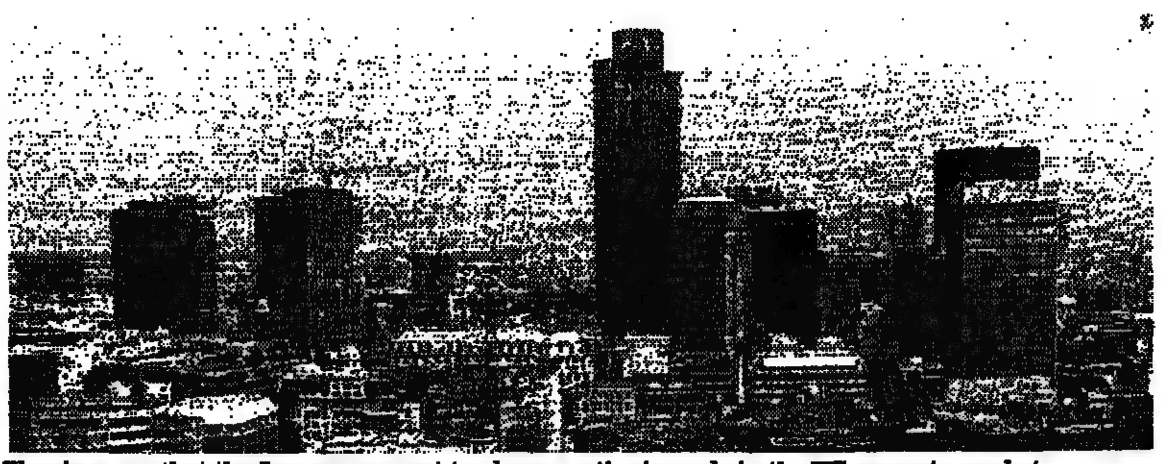
Despite falling insurance income in Japan the life insurance companies are not likely to change their long-term commitment to overseas property investment, [illegible] an official [illegible] a leading Japanese [illegible] insurer.

Last [illegible], Sumitomo Life Insur[illegible] made one of the largest investments in real [illegible] by a fore[illegible] in the UK, when it bought a [illegible] stake in the [illegible] JP Morgan headquarters in Victoria Embankment for £220m. [illegible] also considering a big [illegible]estment in London.

Ja[illegible] corporations could like[illegible] up involvement in property development [illegible] of diversification. [illegible] the Japa[illegible] corporations remain quite healthy and have good reasons to expand their corporate presence here," [illegible] Mr Alan Froggat, a part[illegible] with Richard Ellis, [illegible] chartered [illegible].

Matsushita Electric, for example, is participating in a £300m joint office building development project in London's High Holborn. Saison group, the retailing and leisure conglomerate which owns Intercontinental Hotels, has formed a joint venture with Hambro Countrywide, an estate agency, to provide advice to Japanese investors in UK commercial property markets.

The grim economic outlook and fears of a further drop in domestic property values [illegible] cast a dark shadow on [illegible] future investment prospects of [illegible] Japanese [illegible] UK property. But as one Japanese [illegible] put it, "as long as the City remains the financial centre that it is, there will be continuing need for modern, high-tech buildings, which [illegible] continuing [illegible]rtunities for [illegible] in [illegible] estate."



The signs are that the Japanese are set to play a continuing role in the UK property market

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Properties
Year to Dec 90	-7.3	-9.0	-2.9	-7.2
Quarter to Dec 90	-2.2	-3.7	-2.2	-2.8
Month of Dec 90	-0.9	-1.3	-1.1	-1.1

Investment Property Databank

A demonstration of the distance travelled

Patti Waldmeir examines how management and workers achieved a closer accord at Mercedes-Benz in South Africa

In the new South Africa, the old established ways of apartheid are breaking down at [redacted] knots – on the shop-floor as much as at the negotiating table. Old alliances are dissolving, and sworn enemies discovering a community of interest. South Africa [redacted] in transition, and nowhere [redacted] the [redacted] convulsive than at Mer[redacted] of [redacted] Africa.

On August [redacted] last year, some 2,000 workers occupied the Mercedes-Benz plant [redacted] East London, in the Eastern Cape province, and began a sleep-in which ended when police evicted the remaining 160 strikers [redacted] later. [redacted] a result of this wildcat [redacted] the plant remained [redacted] for five more [redacted] while management and unions thrashed out an agreement [redacted] pushed Mer[redacted] – one [redacted] the country's largest foreign [redacted] – [redacted] brink of pulling [redacted] of South Africa.

[redacted] certainly nothing [redacted] the South [redacted] the early [redacted] man-days [redacted] in industrial disputes last year, up [redacted] 1989. A major catalyst appears to have [redacted] the heightened political expectations [redacted] following [redacted] from prison [redacted] of [redacted] Mandela, deputy president [redacted] African National Congress (ANC).

Such factors [redacted] doubt played [redacted] role in the dispute at East London, where the [redacted] munity [redacted] known for [redacted] militancy and [redacted] shop-floor [redacted] perhaps the [redacted] politicised *in* [redacted] *country.* Indeed, [redacted] the ANC and its [redacted] ally, [redacted] South African Communist Party (SACP), flew from [redacted] company flagpole throughout [redacted] sleep-in.

But [redacted] dispute [redacted] essentially a rank and file revolt against the policies and local leadership of [redacted] recognised union [redacted] plant, [redacted] National Union [redacted] South Africa (Numsa).

Rebel workers opposed Numsa's policy of national wage bargaining in [redacted] industry; the dissidents wanted [redacted] bargain solely with their own management in the belief that Mercedes could pay larger [redacted] than other motor manufacturers.

This demonstrated the tensions afflicting the country's black unions, which have been legal only since 1979; they have long operated [redacted] political proxies for the ANC (banned *until* [redacted] *February*), [redacted] *are* only now turning more [redacted]tion to their [redacted] as worker representatives.

And as the political struggle [redacted] unions are finding that they cannot always count on [redacted] solidarity; the [redacted] rebels [redacted] in [redacted] unity [redacted] in the [redacted] own pay-packets. (Local unionists call this "factory tribalism", and aim [redacted] counter it with political education on the goals of the working class.)

In [redacted] end, industrial [redacted] restored [redacted] only after the ANC and SACP sent some of their most senior [redacted] to urge the [redacted] to work. Despite their contin[redacted] support [redacted] disinvestment [redacted] economic [redacted] – reiterated last December [redacted] national [redacted] – [redacted] ANC and SACP [redacted] clearly horrified at [redacted] thought [redacted] would pull [redacted] country.

Their [redacted] the [redacted] travelled [redacted] South African politics in the past [redacted] one [redacted] the [redacted] signs yet [redacted] ANC [redacted] shift[redacted] its [redacted] from [redacted] politics [redacted] problems of economic *development in a post-apartheid* South Africa. [redacted] dem[redacted] ANC [redacted] – which [redacted] General Secretary, [redacted] Slovo, [redacted] London – [redacted] role [redacted] private capital [redacted] South [redacted] will[redacted] to [redacted] it.

Fraught [redacted] relations are [redacted] new [redacted] in [redacted] Africa. The company's chairman, Christoph Köpke, and [redacted] Russell, human resources manager, who [redacted] brought in [redacted] the end [redacted] admit [redacted] the previous man[redacted] style [redacted] authoritarian and anti-union; indeed most workers saw it as racist. "Two years [redacted] the company was effectively dead; the collective relationship had broken down completely," [redacted] Russell.

[redacted] the factory was under "worker control". It [redacted] a "[redacted] of attrition"; the union [redacted] *recognise* [redacted]ment's right to manage, he [redacted] and management did not recognise that the union had a role to play.

Management points out [redacted] from 1987 until the [redacted] dispute, weekly production tar[redacted] never met. Mercedes [redacted] Hondas in South Africa [redacted] five years [redacted] building [redacted] East London plant.

But from August [redacted] that fell to [redacted] day. Highlighting motivation problems [redacted] the plant, [redacted] built [redacted] car last year to present to Nelson Mandela on [redacted] from prison, [redacted] had only [redacted] faults (before inspection), against an [redacted] the plant of 68 faults (13 in Germany).

He [redacted] that [redacted] peculiar industrial [redacted] culture fostered by apartheid was part of [redacted] problem: "When I [redacted] over, first level management (supervisor level) [redacted] per cent white with an [redacted] Standard [redacted] 7 (the first two years of secondary school)."

"The hourly-paids were black, [redacted] per [redacted] *(secondary school diploma)* and [redacted] were university graduates." [redacted] surprisingly, [redacted] situation engendered much resentm[redacted] Three quar[redacted] supervisors [redacted] now non-white, Köpke [redacted] though there [redacted] still only [redacted] handful [redacted] level.

He points [redacted] that, in [redacted] company had [redacted] formal [redacted] in [redacted] to [redacted] with conflict. During 1989, Mercedes-Benz [redacted] the [redacted] negotiated a recognition agreement based on a code recom[redacted] by IG Metall, [redacted] German union; it [redacted] seen [redacted] one of [redacted] most advanced in South Africa. In September [redacted] shop-stewards and [redacted]ment met for a "relationship by objectives" exercise, [redacted]tify problems [redacted] key objectives.

[redacted] a result, [redacted] union accepted management's right to [redacted] discipline [redacted] fairly; [redacted] politics [redacted] be wholly [redacted] issues, and agreed to further training [redacted] employee advancement were to be jointly identified.

But, [redacted] Köpke, signing agreements [redacted] one [redacted] changing [redacted] company's [redacted] quite another. The shop-floor [redacted] management [redacted] enemy. And, [redacted] Tom, [redacted] shop-steward: "Lower management still [redacted] just [redacted] *dignity.*"

Ironically, [redacted] attempts to [redacted] a health[redacted] relationship [redacted] the shop-floor appear to have contrib[redacted] to [redacted] August dispute. [redacted] Tom and [redacted] both full-time shop-stewards who opposed the sleep-in, clearly had [redacted] working [redacted] with [redacted] During [redacted] dispute – [redacted] revealed [redacted] tensions [redacted] shop-stewards [redacted]mittee – [redacted] men were branded [redacted]

[redacted] succeeded in building good [redacted] leading shop-stewards; but [redacted] had lost [redacted] the shop-floor, [redacted] revolted against them. The shop-stewards [redacted] with 18 [redacted] supporting the strike and only 5 opposing it. In the end, the intervention of the national union leaders, the ANC and the SACP, persuaded the strikers to end their action and accept national wage bargaining. The company sacked 538 workers, whose cases are now to go to arbitration.

The dispute, which cost the company *R500m in lost* revenue, appears to have had a cathartic effect on Mercedes-Benz labour relations. Russell puts this down to the fact that the company has finally "called the collective relationship to account", and impressed on [redacted] union that they, too, have responsibilities under the recognition agree[redacted] "[redacted] are *spot-on* produc[redacted] for the [redacted] time in [redacted] years," says Köpke.

Now management is turning its attention to a regional initiative [redacted] the inequitable distribution of wealth in the surrounding community, with a proportion of extra income from productivity improvements to go into a regional development fund.

Köpke believes this will be crucial. "The deprived masses see that capitalism, apartheid, white supremacy, is all one. Capital hasn't done enough to dissociate itself from that old coalition."

Christoph Köpke: has overcome a 'war of attrition'

Intra-company finance

ABB engineers its money

By Simon Holberton

"WE'RE as good as any bank," says Jan Roxendal, president of ABB World Treasury Centre. "We have a better rating than most banks and few can match us on the competitiveness of [redacted] lending."

ABB Asea Brown Boveri is best known as the huge Swedish/Swiss multinational electrical engineering company, a builder of trams, trains and power stations, but it is also a financial institution which has the capability to provide virtually a one-stop financial solution to any of ABB's 1,150 companies and the 3,000 to 4,000 [redacted] into which they divide.

This one-stop solution [redacted] project finance, leas[redacted] *insurance, trading and* trade finance, foreign exchange dealing and the raising of debt, among others. These activities are grouped together within the financial services business segment of ABB – one of [redacted] business segments into which *the $25bn* company is split.

The [redacted] a separate financial services segment predates the merger of Asea and Brown Boveri three years ago. According to Lars Thunell, the member of ABB's management [redacted] responsible [redacted] services, [redacted] of [redacted] was in [redacted] two unrelated [redacted]

The [redacted] decision, [redacted] in 1985, [redacted] split [redacted] 14 separate [redacted] the [redacted] support [redacted] operating companies [redacted] financing projects [redacted] developing world. "[redacted] finance," [redacted] "[redacted] were trying [redacted] give [redacted] all [redacted] risk [redacted] *want to take it.*"

Today, ABB is probably the most decentralised corporation of its size in the world. The [redacted] give as [redacted] authority [redacted] company's operating [redacted] as is possible within a framework [redacted] financial [redacted] allows [redacted] performance and [redacted] management to monitor the operating [redacted]

"We [redacted] financial impact of [redacted] business built into [redacted] operating unit's [redacted]ities," [redacted] Roxendal. "If they build inventory to meet customer [redacted] then we [redacted] *them to see the effect* it has on their balance sheet. Therefore, the unit that creates an exposure is the one which carries that exposure on its balance sheet. It is not absorbed into a central treasury."

If the treasury function were centralised then senior management would not be able to isolate the consequences of the financial decisions taken by operating managers and the operating managers would not be able to appreciate the financial implications of what they do and make informed decisions about the allocation of working capital.

Where ABB's treasuries do [redacted] into play is in helping the [redacted] units to manage their [redacted] *exchange* exposures and, indeed, their short-term [redacted] and [redacted] Under [redacted] co-ordinating body, the World Treasury Centre in Zurich, ABB has set up 10 business area treasuries from Finland to Australia and the *US* [redacted] *Italy, employing, in* [redacted] people.

Profit centres

Their role [redacted] serve the [redacted] requirements of ABB's industrial business units. However, *they also* operate as independent profit centres. In their dealings with the business units, they operate at *market prices* – they compete head-on with banks for ABB business – and it is in the trading and management of [redacted] funds they [redacted] that they make profits attributable to the treasury centres.

"If we just took the money from the companies it would be easy for us to show a profit," says Roxendal. "All the local treasuries are treated as profit centres and have to meet return on equity guidelines laid down by the centre. The money they make by taking risks is the value-added and it stays within the treasury. [redacted] do we make money? Well, [redacted] *of junk* [redacted] We don't invest in instruments [redacted] a lower credit rating than [redacted] own. And we deal only with [redacted] companies. We don't [redacted] in instruments. We have to take views on markets but [redacted] sitting in the middle [redacted] a [redacted] information flow. If we have to manage a US dollar [redacted] portfolio and borrow in the commercial paper market then we are in the market."

There is, however, one thing the national treasuries are not allowed to do and that is tap the international debt markets for foreign currency borrowings. The main function of [redacted] WTC is to provide funding for ABB as a whole and that is centralised. "It is important that when we tap the market we have control over when and at what terms we borrow," says Roxendal.

[redacted] WTC is [redacted] responsible for developing financial engineering techniques to make the most efficient use of the funds flowing through ABB's operating companies. Where it [redacted] permissible by law, ABB companies are required to net their intra-group foreign exchange dealings. ABB claims [redacted] one [redacted] the largest netting operations in the world. This minimises the cost of dealing through banks *and last year* was estimated to have saved $6m.

Another technique is cash-pooling. Cash-pools already exist at a local level – operating units are encouraged to use it by receiving higher interest rates on deposits and *lower rates on borrowing* – but the WTC is now assessing global pooling.

In an ideal world ABB would have a selection of banks in each main currency area. ABB companies would [redacted] account with that bank so [redacted] all dollar accounts, for example, would be with a US bank. The benefit to ABB is that it could manage its cash resources better. "You could offset balances, and have [redacted] surplus placed on the wholesale money markets. That way you can get better rates of interest, or lower your debt," [redacted] Roxendal.

To date, the treasury centres have been very profitable. In 1989 they earned profits of $47.9m, giving them as a *group a return on equity of* 28.3 per cent. Overall, the financial services segment earned 12.1 per cent return on equity. "In 1989 we contributed 12 per cent of ABB's profits," says Thunell. "If we can maintain that share in line with the growth of ABB's business then I'll be quite pleased."

LEGAL NOTICES

[redacted] CREDITORS' [redacted] UNDER SECTION [redacted] OF THE [redacted]
Registered [redacted] 1995288 [redacted]

TEXMOTIF LIMITED - IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursu[redacted] 48(2) [redacted] the Insolvency [redacted] 1986, that a meeting of the unse[redacted] company will be held at the offices of Cork Gully, Chartered Accountants, 108 Great Victoria Street, Belfast BT2 7AX at 11.00 am on Thursday 28 February 1991 for the purpose of having laid before it a copy of the report prepared by [redacted] Joint [redacted] under [redacted] the said [redacted] The meeting [redacted] if it thinks fit, [redacted] a committee [redacted] by or under the Act.

Creditors [redacted] only entitled to vote if:

(a) they [redacted] delivered to me at the [redacted] shown above, no later than 12.00 noon on Wednesday 21 February 1991, written details of the debts they claim to be due under the provisions of Rule 3.11 [redacted] the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.

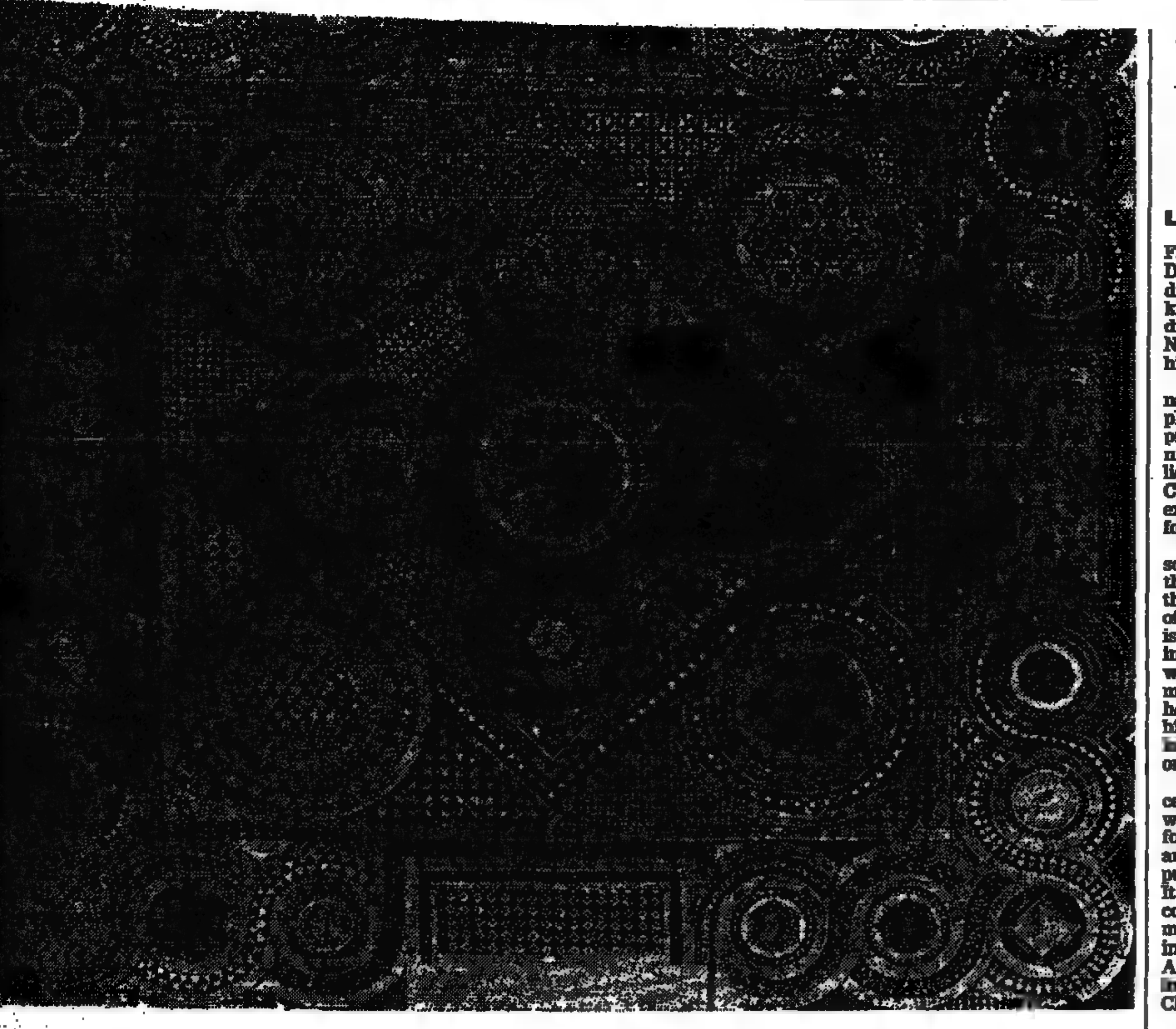
Date: [redacted] February 1991
Signed [redacted]
Joint [redacted]
TEXMOTIF LIMITED -
IN [redacted]

[redacted] may obtain a copy of the report, free of charge, on application to the administrative receiver at the address shown above.

OBITUARY

NIGHTINGALE

A service of Thanksgiving for the life [redacted] Michael John Humfrey Nightingale will be held [redacted] St [redacted] Church, Chester Square, London SW1 [redacted] Friday 22 February at 3.30 pm.



Pope Clement IV's gift to Henry III: an engraving of the Cosmati pavement, which lies before the altar

Carpets off the Cosmati pavement

Now is the time to visit Westminster Abbey, says Patricia Morison

T[illegible] famous Cosmati pavement, laid in [illegible]tminster Abbey over 700 [illegible] by Italian craftsmen, will once again be on public view for three days. On February [illegible], March 1 and 2, the carpet will be lifted off this masterpiece of inlaid marble, or *opus sextile*, to give the proper name to this colourful and intricate technique. This is only the *third such annual sighting of* the pavement [illegible] lies in front of the high altar at the spot where English kings are still crowned.

The Cosmati pavement [illegible] finished in [illegible] in the reign *of Henry III, a ruler who was* politically dim but pious and a magnificent patron of art. It was his desire [illegible] Abbey not [illegible] beautiful, but more splendid than the royal churches of his French rival, Louis IX. That meant making the abbey-church of Westminster, a stone's throw from the royal palace into an immense Gothic church. The old Romanesque abbey created by Edward the Confessor (its construction memorably shown in the Bayeux Tapestry) was pulled down. Slowly, and to the serious detriment of Henry's finances, the magnificent church was built.

With the pavement, however, Henry was lucky. It was a gift from Pope Clement IV, albeit historians have pointed out that the pontiff could afford to be generous to a country which paid higher taxes to Rome than any other. However, the prime mover behind bringing the most high-status Roman interior decor to London was the new abbot, Richard de Ware. Henry III never himself went to Rome, although [illegible] had a weakness for things Mediterranean and once disgusted Parliament by appearing "in Apulian dress". [illegible] Abbot Richard who, seeing the Cosmati marble all over Anagni Cathedral, decided that this should be [illegible] finishing touch for the new church. No doubt he was also happy [illegible] that his [illegible] would be beneath this heavenly pavement.

The workmen brought with them bags filled with [illegible] they had scavenged from the wreckage of the buildings and monuments of Old Rome: purple porphyry originally *from the desert of Egypt, onyx,* yellow breccia, green serpentine quarried [illegible], and much more. Added brilliance [illegible] from the modern Islamic glass, blue, turquoise, red and white. The master craftsmen [illegible] "Odoricus", according [illegible] Latin inscription now illegible to the visitor. In fact, it seems that he was one of a family of craftsmen, in true Italian style. They also made the base of St Edward the Confessor's shrine, and Henry III's own massive tomb.

On your Henrician tour of the Abbey, you should look out for these Cosmati masterpieces. They have long had their acquisitive admirers. Donald Buttress, Surveyor to the Abbey, kindly pointed out to me that on Henry III's tomb there is a "reach line" below which precious little of the glittering inlay is left. It is exactly as a 17th-Century memoir of the Abbey regretfully noted about the Cosmati work, "the mosaic . . . of late much injured and defaced by picking out the coloured glass and stones."

Although [illegible] been plenty [illegible] "picking out" [illegible] the pavement [illegible] centuries, with a certain amount of bodged-in restoration [illegible] bottle-glass [illegible] tar. [illegible] it been made in Italy, the setting would have been of snowy-white Carrara marble. As [illegible] Italians [illegible] with grey-green Purbeck marble which gave [illegible] 11 square metre pavement a more sombrely Nordic touch. [illegible] design is somewhat lacking in "flow", if it is compared to similarly rigorous geometric decoration in [illegible]. [illegible] *there is* [illegible] this [illegible] sumptuously royal work, with its bold design of lozenges, roundels, quincunx [illegible] hexagons, filled in with [illegible] subsidiary patterns. Medieval scholars wrote lapidaries, learned treatises on the symbolic meaning of [illegible]. Did the pope's gift, then, have [illegible] kind [illegible] meaning?

[illegible] this point you need *[illegible] of Thought. [illegible] of the [illegible] Pavement of Westminster Abbey*, by Richard Foster (£15.99: Jonathan Cape, 184pp.) The publication [illegible] this enthralling [illegible] book coincides with the pavement's unveiling so you will need to look first, decipher later. The abbey's [illegible] excellent pamphlet by the Keeper of the Muniments, Richard Mortimer, [illegible] clear that [illegible] indeed [illegible] to [illegible] pavement than meets the eye.

According to one of [illegible] weird inscriptions, "The spherical globe here shows the archetypal macrocosm". Another still [illegible] gnomic [illegible] apparently announces that the world will last 19,683 years. Admirers of an Umbert Ecco-esque [illegible]iddle ages [illegible] of numerology [illegible] prompting to [illegible] guide [illegible] labyrinth.

I was enthralled by [illegible] pavement last year, although it [illegible] particularly [illegible] to [illegible] venerable stones because of a dense crush of damp but boisterous tourists filing round the sanctuary. However, because of the Gulf crisis the Abbey this Lent is a rather different place. It is not just that it is now possible to explore in peace, [illegible] the balance of spectator [illegible] *worshipper* [illegible] a palpable [illegible] in atmosphere. This, if ever, is [illegible] the extraordinary riches [illegible] great church.

There [illegible] another less subjective change [illegible] last year. One of the Hawksmoor towers on the West front has reappeared from its scaffolding, and at the year's end we will once [illegible] its twin. Restoration of the whole West front will be completed in [illegible], a phase which will have consumed around £7 million. Who, I asked Tom Thompson, Executive Director of the Westminster Abbey Trust, is footing the bill for the exterior [illegible]?

Since 1973 [illegible] Trust, under its President and [illegible] the Duke of Edinburgh has raised [illegible] million, not from a conventional public appeal but from [illegible] industry, trusts, and foundations, augmented by [illegible] million from [illegible] and Canada. [illegible] trust [illegible] looking for another £1½m to complete the abbey itself. As for restoration of the glorious Henry VII chapel, that is being deferred.

The Visit

LYTTELTON

Friedrich Dürrenmatt died in December last year. This production of one of his best-known plays, *The Visit*, was due to be performed at the National Theatre in honour of his 70th birthday.

It is not the play he originally wrote, nor one that people who have seen previous productions will easily recognise. It even differs from earlier productions by Théâtre de Complicité, which has been experimenting with the piece for three years.

The production ends with a sort of rugby scrum. "I vow to thee my country" is playing in the background. At the bottom of the scrum is the body. This is Alfred Schill, the man who in earlier versions of the play was called Anton, and who is murdered because years before he committed a crime against his lover. She has now come [illegible] to claim his body, [illegible] one billion marks as a reward.

The Visit was always set in central Europe close to a [illegible]way station – "the most godforsaken town [illegible] and Stockholm", [illegible] somebody puts it while the trains go by. It used to be, at least in part, a comedy. It also contained elements of feeling: for instance, in the recollected memories of Anton (now Alfred) and his old [illegible] (now changed [illegible] Clara). Not any more.

What has changed since earlier productions is the situa[illegible] in [illegible] Europe. Many people may think that [illegible] changes are for [illegible] better. Théâtre de Complicité seems to have other views. The best way of making [illegible] of this production is to regard the arrival of democracy in central Europe as a sell-out to capitalism and [illegible] corruption and greed that (one is asked to believe) automatically go with it.

There is a stage [illegible] in [illegible] versions which says that Claire is "simple and unaffected, yet she has the haughtiness of a world power". This [illegible] (Clara), played by Kathryn Hunter, is neither simple nor unaffected. [illegible] ugly, crippled, vicious and rich. "With my financial resources", [illegible], "I [illegible] a new world order." Instead she wants to turn it into a brothel.

[illegible] married for the eighth or possibly the ninth time, she has brought a coffin with her in order to take the body of her one-time lover to be buried in Capri. And, of course, she gets her way. She bribes the local citizens with credit for consumer goods so that in the end they are so much in debt that they must do her will.

Intellectually this approach does not stand up. It lacks the [illegible] and lightness of touch of the original. Dürrenmatt jokes are few and far between. Nevertheless, it is [illegible] stunning production directed by Annabel Arden and designed by Rae Smith. If you want [illegible] powerful night's thea[illegible] with ritual [illegible] with it, here it is.

Malcolm Rutherford

Alastair Muir

Scene from Théâtre de Complicité's production at the National Theatre

Bob Dylan

ODEON HAMMERSMITH

Anyone slipping into the Odeon Hammersmith [illegible] week – not easy, because Dylan still sells out – would quickly realise that they had invaded the rites of a particularly [illegible]. This is music? This is show biz?

For much [illegible] darkness was [illegible], one spotlight half distinguishing a [illegible] figure, heavily curled, dressed in many wrappings of black – like an illustration from an obscure Gothic novel. Occasionally Dylan *raised his fist in salute*, and murmured a word of thanks. The atmosphere was heavy with smells, particularly the rich, suffocating, sweet, heady smell of hippie squats of the 1960s. The audience stood in quiet awe, sometimes stirring in anticipation as it thought it recognised one of the [illegible] songs of the century only [illegible] in uncertainty.

For Bob Dylan is quite the most perverse performer, making [illegible] and [illegible] seem as [illegible] Cliff Richard. He [illegible] constantly, playing the smaller halls rather than the giant venues, [illegible] shows he has some [illegible] to the [illegible] his [illegible]. *But* [illegible] *happens on* stage at each concert is known only to Dylan, his particular God of the moment, and perhaps his band, although the rather makeshift, supporting musicians he has hired for this visit seemed so cowed by his perverse personality that they hardly [illegible]cted any attention. Being kitted out like Mafia hit men complete [illegible] black hats did not help their visibility.

I [illegible] him genial but recondite, sometimes choosing the same key [illegible] band, sometimes playing the same melody, but not always aligning it to any known recorded [illegible] the songs. Occasionally he sang with great passion and precision, especially on "[illegible] Row" but even songs made for venom, such as "Like a rolling stone" were allowed to float aw[illegible] from any sense or relevance.

And yet, and yet. He is not totally resting on a deserved reputation as one of the three or four creators of pop music. There is something compelling about the man. You realise he is destined to play and to play rock music. He needs the ignored audience as much as it needs to keep the faith. And what if he does distort and twist and mock and parody the songs – they are so much his creation that he has that privilege. But for any non-believer it would seem like a the celebration of a perverted ritual.

Antony Thorncroft

The Heat

DRILL HALL

This show, like *The [illegible] Times*, gives queens a bad name. It's [illegible] camp, but was camp ever so morose, masochistic or self-pitying? The next time a drunk pins you to the wall and tells you his life-story, just be grateful it's him and not Hot Peaches. For *The Heat* assumes that you will want to hear the 20-year story of the New York troupe Hot Peaches – most of whom are up-front queens, some of whom are drag queens and all of whom are camp. And, since the story involves coming out, the birth of gay lib, merrier days way back when on Christopher Street and Fire Island, and the emergence of the AIDS phenomenon, I'm amazed it's as dull as it is.

Festooned with avalanches of jewellery, [illegible] of sequins, false eyelashes borrowed from [illegible] porcupine and slap like a headache by Chagall, the six performers limp down Nostalgia Lane and regale us with highlights of the Hot Peaches career. Gay Lib to them is the right just "to be me" – which sounds fine – but their kind of gayness is just more of the Me genera[illegible]. Moi, moi, moi. There's less about love than about rough trade, and less about sexuality than about dressing up.

Mind you, the poor dears can seldom have had a more frigid reception than on [illegible] night here. "Are you asleep [illegible] there?" called the lead performer Jimmy Cominia. [illegible] only. [illegible] P. Johnson, [illegible] to [illegible] been [illegible] by Carmen Miranda's dustman and to have studied singing with Mrs Miller, provides the evening's only real entertainment when he [illegible] "Lavender Balloon" because he is the only one who is happy to be (that classic camp label) so bad that it's good. He sings out of tune, has no rhythm, reads his lyrics – he *knows* he's ludicrous.

The others all put into reverse the Noel Coward dictum that the performer's duty is to indulge the audience, not himself. Amy Coleman stands out because she (a) [illegible] (b) can sing. She's an arch, joy[illegible]ss soul sister who turns her two dismal songs into down-on-the-floor near-orgasms – the kind of thing that makes Bette Midler seem like Jane Eyre.

As entertainment, *The Heat* is just an *anthology of fag-ends, swept off the floors* of New York's gay cabarets of yesteryear. Torpid, narcissistic, flat. As sociology, though, *The Heat* is creepily fascinating. It's an appendix to Susan Sontag's famous essay *Notes On Camp*.

Alastair Macaulay

Alastair Muir

Michael Lynch

INTERNATIONAL

ARTS PREVIEW

& EXHIBITIONS

On Wednesday the Vienna Philharmonic Orchestra opens a three-week tour of North America and Japan with a concert at the Kennedy Center in Washington. It will be a rare opportunity to hear an orchestra which is regarded as one of the world's finest, but which, as resident orchestra at the Vienna State Opera, tours infrequently. The conductor on the American leg will be Claudio Abbado, and the programmes reflect his interest in 20th century music as well as the orchestra's Viennese traditions. In Washington and Boston (next Fri), Bruckner's Fourth Symphony is the main work. The two concerts in Toronto (next Sat and Sun) include Mahler's First Symphony and the Lied der Waldtaube from Schoenberg's Gurrelieder, with Marjana Lipovsek as soloist. During a week of concerts at the Carnegie Hall in New York (Feb 25 to March 3), the programmes include Webern's Six Pieces Op. 6 and plenty of Mozart. On its final evening in New York, the orchestra will give a concert performance of Elektra, with Eva Marton in the title role.

The tour [illegible] continues to Tokyo, where the Vienna Philharmonic will take up residence at the Suntory Hall for five concerts conducted by Andre Previn and Leopold Hager (March 8 to 13). The programmes are exclusively Mozart, with Shlomo Mintz soloist in the Violin Concerto in A K219 and Stefan Vladar in the Piano Concerto in C K503.

The tour was originally due to start with a single London concert on Monday en route for Washington, but the orchestra's travel plans have had to be adjusted for security reasons, and the London date is being re-scheduled for late spring or early summer. No such luck for the Saint Louis Symphony Orchestra – which, like several other American ensembles, cancelled its European tour this month because of security fears stemming from the Gulf war.

Next week's major events in Europe include a new production of Idomeneo at the Teatro Lirico Nacional La Zarzuela in Madrid (Tues), conducted by Michael Schoenwandt, staged by Emilio Sagi and with a cast headed by Montserrat Caballe. Tony Palmer's production of Peter Grimes, much admired in Zürich two years ago for its bold theatrical colours, is revived in Geneva (Sun) with a new cast and conductor for seven performances. Following the Bolshoi Ballet's season in Paris, ending this weekend, Pina Bausch brings the Tanztheater Wuppertal to the Palais Garnier (Thurs) for three performances of Gluck's opera-ballet Iphigenie en Tauride.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum [illegible] of Venice: [illegible] the origin and development [illegible] the [illegible] 'Vedute', [illegible] century. Canaletto, [illegible] and Guardi form [illegible] heart of [illegible] exhibition, drawn from [illegible]. Ends [illegible] 3. [illegible]

BERLIN

Museum für Moderne Kunst [illegible] Rhythm, [illegible] drawings by the Berlin painter Hans Uhlmann (1900-1975). Ends [illegible] 10. [illegible] Mon

[illegible]

Art [illegible] Modernist Photography, [illegible] acquisitions featuring early modernist [illegible] by [illegible] Rodchenko, [illegible], Edward Weston [illegible] Andre [illegible]. Also included is [illegible] photograph by Nadar (1820-1910) of the inside [illegible] helium balloon, predating by [illegible] light experiments [illegible] early [illegible] photographers. Ends April 21. Daily

LONDON

Accademia Italiana Italy by Moonlight: The Night in [illegible] Painting 1550-1850. Nocturnal [illegible] ranging from [illegible] Garden [illegible] in the Colosseum. Carraci, [illegible] and [illegible] are represented, as [illegible] as [illegible] non-Italians, including Elsheimer, [illegible] landscapist Johan Christian Dahl [illegible] Wutky. Ends March 2. [illegible] Mon

Barbican Centre *The Apotheosis* [illegible] Love: [illegible] centenary [illegible] English painter Stanley Spencer, with [illegible] drawn from [illegible] world. [illegible] Ray: Bazaar Years, [illegible] photographs highlighting Man Ray's contribution [illegible] fashion photography from 1922 to 1942. [illegible] April 1. Daily

Royal Academy The Buhrle [illegible] Impressionist [illegible] Old [illegible] paintings [illegible] by the German-born industrialist Emil Buhrle. [illegible] two Venetian [illegible] by Canaletto, a [illegible] Goyen, Van Gogh's Wheatfield with Cypresses at Saint-Remy, portraits by [illegible] himself and his wife, a [illegible] full of Gauguin and [illegible] by Degas. [illegible] with cubism and [illegible] fauves, but [illegible] a [illegible] portrait of Buhrle from [illegible]. [illegible] April 14. [illegible]

MADRID

Fundacion Juan March [illegible] of Jacqueline. [illegible] covers [illegible] period 1954-1971, and brings together [illegible] paintings, sculptures and prints inspired by and [illegible] last [illegible]. Ends April [illegible]. Daily

Museo Nacional Centro de Arte Reina [illegible] from the Guggenheim [illegible] from [illegible] Pollock. With 125 paintings [illegible] sculptures representing the main movements in 20th century art, the exhibition [illegible] work by Miro, Braque, Giacometti, Klee, Matisse [illegible] Modigliani. There [illegible] works by Kandinsky and seven by Brancusi, including [illegible] wood sculptures not seen in public since 1960. [illegible] May [illegible]. Closed [illegible]

MILAN

Palazzo Reale [illegible] Lombardo: [illegible] and profane [illegible] from 18th century Lombardy, including 200 paintings [illegible] Crespi, Ricci and Borroni, and 100 sculptures [illegible] engravings by Calegari, [illegible] others. Ends April 28. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Royal Dresden, Art at the [illegible] Court: paintings, sculpture, porcelain [illegible] jewellery showing [illegible] sophistication [illegible] 18th century [illegible]. Ends [illegible]. Daily

Lenbachhaus [illegible] Everyday Life: an exhibition [illegible] by [illegible] contemporary [illegible] from Antwerp, portraying everyday objects in a surreal setting. Ends April 7. [illegible]

NEW [illegible]

Brooklyn Museum [illegible] Art and Enterprise. Focusing exclusively on [illegible] landscape painter [illegible] (1830-1902), [illegible] includes 74 oil paintings ranging from small plein-air [illegible] monumental [illegible] is [illegible]. [illegible] use of [illegible] presentations [illegible] promote his [illegible] as part [illegible]. Ends May 5. [illegible] his Contemporaries: Impressionism and Post-Impressionism. Five [illegible] landscapes from [illegible] permanent collection [illegible] included, along [illegible] paintings [illegible] Pissarro, [illegible], Bonnard, Cezanne, Toulouse-Lautrec, van Gogh and [illegible]. [illegible] June [illegible]. Closed Tues

Museum [illegible] Art Liubov Popova: 55 paintings and 60 [illegible] on paper. This is [illegible] first United [illegible] retrospective [illegible] Popova (1889-1924), a [illegible] is [illegible] one of the [illegible] original [illegible] early 20th century [illegible] avant-garde. The [illegible] designs, many from [illegible]. Ends April 23. [illegible] Photography from [illegible] Thatcher Years: [illegible] photographs which attempt to [illegible] quality [illegible] life in inner cities, the English countryside [illegible] Northern Ireland. Ends April [illegible]. [illegible]

PARIS

Bibliothèque Nationale Memories of Egypt, multi-media exhibition commemorating [illegible] bicentenary [illegible] birth [illegible] the Egyptologist Champollion. Ends [illegible] 17. Daily

[illegible] Georges-Pompidou Art and Publicity: [illegible] photos by Atjet and Seeberger [illegible] turn [illegible] the century, contrasting [illegible] with modern art which [illegible] on contemporary advertising images and techniques. Ends Feb 25. [illegible] (on [illegible] floor) Juan Gris: Drawings 1915-1921, a collection [illegible] 30 drawings from Valencia, showing the vitality [illegible] colour that [illegible] Gris' work in comparison with other [illegible] of the period. Ends April 1. [illegible] Tues

Fondation [illegible] Bismarck Retrospective of the symbolist [illegible] Emile Bernard (1868-1941), with [illegible] paintings and 50 drawings and engravings. Bernard's theories and use [illegible] thick contours, flat strong-coloured [illegible] and [illegible] perspective influenced Gauguin in [illegible] Pont [illegible] period. [illegible] March 16. Closed Sun

[illegible] Garnier Bernard [illegible] (b.1928), [illegible] French painter [illegible] Japanese [illegible] Views of New [illegible] in [illegible] characteristic spiky style. Ends March [illegible]. Closed Sun and [illegible]

Louvre, Pavillon [illegible] Flore [illegible] van [illegible] an exhibition showing [illegible] Italian influences [illegible] the Flemish painter, who [illegible] a [illegible] in Antwerp in 1511 and [illegible] around 1515. Ends [illegible] 27. Closed Tues

PRAGUE

[illegible] of St. Agnes [illegible] Bohemia Landscape paintings by Adolf Kosarek (1830-1859). Ends March 10. Closed Mon

ROTTERDAM

Museum Boymans-van Beuningen Christopher Wool: recent paintings. In his [illegible] European exhibition, Wool (b.1955 Chicago) presents [illegible] on the theme [illegible] language in painting, which [illegible] handles with more than a [illegible] irony. Ends April 7. [illegible] Alfred Eikelenboom: utopian models, a collection [illegible] rectangular and spherical objects developed [illegible] the Dutch architect Eikelenboom (b.1936) over [illegible] past 20 years. Ends [illegible] 17. [illegible] Prints by Piranesi, including 35 large-format [illegible] of Rome first published in 1748. Ends March 10. [illegible] Mon

STUTTGART

Staatsgalerie Acquisitions 1983-1990: [illegible] collection [illegible] drawings and engravings by [illegible] masters from the German, Italian and Dutch schools, including [illegible] Rembrandt. Among the 19th century French prints [illegible] several by Bresdin, Bonnard, Vuillard and Roussel, and there are [illegible] some modern French and German drawings. Ends April 15. Closed [illegible]

VIENNA

Kunstlerhaus Roberto Capucci: Gowns as Armour, fashion in steel [illegible] silk *from past* [illegible] *present*. Ends April 2. Also [illegible] in Vienna, an exhibition for the Mozart bicentenary. Ends Sept 15. Daily

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: [redacted] Fax: 071-407 5700

Friday February 15 1991

Mr Pavlov's reaction

THE NONSENSE concocted by the [redacted] Soviet prime minister, Mr Valentin Pavlov, about a foreign plot [redacted] undermine the rouble is [redacted] disturbing indication of the return [redacted] old ways. In this it [redacted] in accord with re-imposition [redacted] control [redacted] media and the lies about events in the [redacted]

The [redacted] Union [redacted] built [redacted] force and fraud. However unwillingly, President Gorbachev's government [redacted] returning to these historic [redacted] But [redacted] is doubtful whether renewed reliance on old [redacted] and old institutions – [redacted] party, the [redacted] and the military – [redacted] temporary [redacted] from the cascading problems of the Soviet state.

Mr Pavlov [redacted] that "a massive injection of money into this country [redacted] been planned for [redacted] long time . . . That would have caused a [redacted] disaster". So the government's currency reform (or theft) of [redacted] month [redacted] "a defensive measure".

If Mr Pavlov believes that, he [redacted] anything. [redacted] be? [redacted] likely, he hopes [redacted] *he* [redacted] *sell* [redacted] *conspiracy* theory [redacted] the Soviet people. If so, nothing could [redacted] reveal the contempt in which the [redacted] hold the people.

[redacted] big lie [redacted] often more effective [redacted] one, Mr Pavlov's assertions may work. [redacted] nothing [redacted] further from [redacted] minds [redacted] ing President Gorbachev's government; nor, if they wanted [redacted] so, would they [redacted] about [redacted] absurd way.

A big lie

The truth is precisely the opposite of Mr Pavlov's claims. The currency swindlers from whom [redacted] people need protecting [redacted] ruling elites *for* whom he speaks. It [redacted] their behest that the country has been flooded with roubles, the currency debauched and [redacted] "financial catastrophe" threatened.

The rouble [redacted] no enemies [redacted] the [redacted] government [redacted] friend. Its plight is, in large [redacted] symptomatic of the power of the institutions on which President Gorbachev once more relies. [redacted] economic reform in [redacted] Union requires [redacted] tion, competition, and [redacted] *play for individual initiative.*

But these reforms would destroy the power of the chief organs [redacted] the [redacted] state.

Mr Pavlov has, instead, spelled out [redacted] conservative reform strategy. He seeks forced modernisation of heavy industry, strictly limited privatisation, and compensation [redacted] the price rises [redacted] the government has long sought and are now thought imminent. This programme [redacted] little more than the Brezhnevism with bite, with which President Gorbachev [redacted] his reign.

Ruling elites

Mr Pavlov's programme has nothing [redacted] with a Chilean or South Korean route to [redacted] nomic reform, as has been suggested by Mr Yuri Prokofiev, leader [redacted] Moscow city Communist party. Chile and South Korea did not [redacted] huge ruling [redacted] whose power derived from [redacted] trol [redacted] every aspect [redacted] *nomic life. On the contrary,* relatively small governing elites created the framework within which private enter*prise could flourish. That* [redacted] neither [redacted] the Soviet government is discussing, nor what [redacted] going to happen.

In [redacted] Union the governing [redacted] not the solution. They [redacted] the problem. But they [redacted] also [redacted] source of organised power. In moving towards them, President Gorbachev is, [redacted] and the same time, trying [redacted] government effective and rendering meaningful reform impossible.

This [redacted] more [redacted] a temporary solution [redacted] Soviet crisis. The question is [redacted] *happens* [redacted] *A serious* attempt might yet [redacted] return [redacted] Stalinism, which would [redacted] no solution [redacted] *long term problems of the* Soviet economy. Alternatively, the pendulum might swing [redacted] towards the comprehensive reforms discussed only a few months ago. Having shrunk from the fray [redacted] however, [redacted] seems unlikely [redacted] the courage [redacted] still [redacted] leaves as the most likely [redacted] more unrest, more [redacted] the [redacted] and [redacted] republics [redacted] yet [redacted] decay. Mr Pavlov's government [redacted] no solutions. [redacted] is merely [redacted] *symptom of* [redacted] *Soviet* [redacted]

First aid for the unemployed

RISING unemployment constitutes [redacted] important challenge [redacted] UK economic policymakers [redacted] the coming year. The government must ensure [redacted] the newly unemployed [redacted] able, and willing, [redacted] rejoin the workforce when the economy recovers. The economic case for more public expenditure on counselling, training and [redacted] temporary work option, is sound. Only [redacted] government's political [redacted] remains in doubt.

January's rise in unemployment, [redacted] seasonally adjusted, [redacted] than [redacted] forecast. [redacted] growth of average earnings remains stubbornly high, despite rising unemployment and falling output. Unit labour [redacted] in manufacturing [redacted] by an unsustainable 12 [redacted] cent in [redacted] far higher than in any of Britain's competitors. Pay bargains still *reflect last year's inflation* rather than current reality.

Further large rises in unemployment [redacted] inevitable. But reducing wage-inflation need not permanently impair the skills and motivation of the unemployed. The government's goal must [redacted] provide all newly unemployed with [redacted] chance of either [redacted] training scheme or government-sponsored temporary employment, within a year of losing their job.

The current package [redacted] employment measures, introduced over the past few years [redacted] cope with the problem [redacted] persistent long-term unemployment, must be reoriented and expanded [redacted] meet this [redacted] challenge.

Job-search

Some unemployment and job-search [redacted] desirable, [redacted] in [redacted] fully employed economy. Currently [redacted] newly unemployed receive an initial advisory interview and support in their job-search. They should also have interviews with [redacted] *adviser in subsequent* months. Whether this will happen depends [redacted] mainte[redacted] adequate funding for *the over-strained employment* [redacted]

A [redacted] period [redacted] retraining would be sufficient to return many [redacted] newly unemployed to work, after an initial period of search, given [redacted] substantial skill shortages that still exist in the UK. This [redacted] especially true of skilled workers who have recently been made redundant. The Tecs [redacted] now able to react to local skill shortages by using Employ[redacted] Training funds to retrain these workers, in addition [redacted] those groups [redacted] long-term unemployed who are [redacted] *teed a place on ET. Yet the* government is planning to [redacted] its spending on employment training, by [redacted] cent, over [redacted] coming year.

Encouragement

The rationale [redacted] in ET [redacted] that many of [redacted] very long-term unemployed do not benefit from training. [redacted] it is argued, they need help and encouragement with job-search. Funding for Job-clubs is being increased.

This may make [redacted] when *vacancies* [redacted] *abundant.* [redacted] there is little point in [redacted] unemployed merely attending job-clubs, and making a [redacted] of fruitless job applications, [redacted] the economy [redacted] still in recession. This will have a damaging impact *on their* morale.

In [redacted] job-clubs, [redacted] new long-term unemployed should [redacted] offered temporary work. The scheme would [redacted] by [redacted] *employment* service and the Tecs. [redacted] and public [redacted] employers would [redacted] short-term projects that would not otherwise [redacted] undertaken, such [redacted] urban clean-up [redacted] school mainte[redacted] The schemes [redacted] be [redacted] by the Tecs, while [redacted] employer would guarantee [redacted] cent [redacted] workforce had previously been unemployed for over nine months.

Increased central government funding [redacted] employment service and [redacted] a temporary work-scheme is [redacted] if the skills and motivation of [redacted] newly unemployed [redacted] maintained until [redacted] *omy* [redacted] *important,* [redacted] government must increase [redacted] funding [redacted] training. The [redacted] were [redacted] pro[redacted] *training in the* [redacted] workforce. Until the government provides substantially increased funding for the Tecs, [redacted] leverage to influence [redacted] pany training decisions, [redacted] aspiration will remain unfulfilled.

The US insurance industry is bracing itself for legislative reform after damning criticism from Congress, writes Nikki Tait

Insurers under the microscope

America's insurance companies are caught in a double-bind, pressured by the prospect of tighter federal regulation and by [redacted] continuing threat [redacted] the bottom line. Among the more extreme claims made by industry analysts and other interested observers in recent months are that:

■ One-fifth [redacted] America's biggest life insurers could be [redacted] risk of insolvency in a severe economic downturn.

■ [redacted] the top [redacted] property-casualty groups, which [redacted] diverse personal and commercial risks from vehicles to buildings and workers' compensation, all but two are storing [redacted] problems for the future by not conducting their [redacted] on [redacted] sufficiently conservative basis.

Both claims elicited denials of varying vigour. So did [redacted] rumour that cir[redacted]ted last [redacted] about [redacted] poor financial health of Equitable Life, the third-biggest [redacted] insurer. But the fact that such suggestions are contemplated by analysts speaks volumes for the level of disquiet among insurers.

[redacted] is not just the health [redacted] industry, which [redacted] almost $2,000bn and employs more than 2m people, that is at issue. There [redacted] acute [redacted] financial [redacted] description following the multi-billion-dollar bail-out of the [redacted] savings and loan [redacted] and in the light [redacted] current [redacted] in [redacted] commercial banking [redacted] Accordingly, the entire insur[redacted] regulatory system [redacted] under the [redacted]

Insurance regulation has [redacted] state, [redacted] opposed [redacted] federal, responsibility since the middle of [redacted] tury. [redacted] its own statutes; [redacted] its own [redacted] commissioner, [redacted] by supervisory staff; and makes [redacted] arrangements, through "guaranty funds", [redacted] protect policyholders should [redacted] insurance [redacted] operating in [redacted] The question being asked – not least by [redacted] sub-committee headed by [redacted] powerful *Michigan politician Mr John Dingell – is* [redacted] *such* [redacted] sufficient.

So far – and it has not yet heard from some key parties – the Dingell committee [redacted] been unimpressed. After examining [redacted] failure of four fairly sizeable insurers during [redacted] 1980s, it reported [redacted] February [redacted] "found [redacted] record [redacted] greed, incompetence and rascality" by [redacted] companies' managing.

The litany included "excessive underpricing, bad underwriting, illusionary reinsurance, [redacted] management, self-dealing, non-existent records, fraud, and [redacted] general [redacted] for [redacted] welfare [redacted] corporate insiders".

[redacted] *committee's damning* conclusion [redacted] "there [redacted] been, regrettably, little or no enforcement of laws, and few adequate regulations, properly *enforced,* [redacted] *punish* [redacted] *deter* wrong-doing" in the industry as [redacted] whole. That [redacted] strong [redacted] by [redacted] measure, and the industry [redacted] braced [redacted] legislation proposing some form of federal intervention. [redacted] is [redacted] prospect variously greeted by insurers with alarm, sorrow and, just [redacted] ally, qualified enthusiasm.

Any assessment of the industry's problems starts [redacted] the [redacted] this is a [redacted] business encompassing giants such as [redacted] Prudential, with [redacted] more [redacted] $160bn, as well as one-office operations.

[redacted] more critical [redacted] between *the life business, which* [redacted] increasingly become a savings mechanism, and the [redacted]ty-casualty sector [redacted] risks are [redacted] harder to assess. *While it is true that* [redacted] problems span both [redacted] life and property-casualty [redacted] they are essentially [redacted] industries, which [redacted] be considered separately.

[redacted] life industry's main worry [redacted] tres on investment portfolios. Plunging US property values, coupled with the collapse [redacted] junk bond market, have already [redacted] serious ripples within the banking business. Now, the argument runs, insurers who invested policy-holders' money in [redacted] areas could also [redacted] affected.

By mid-1990, "below investment grade bonds" were reckoned [redacted] amount [redacted] about 4.6 [redacted] of life companies' portfolios, while real [redacted] (mortgages plus [redacted] property) made up about 22.5 per cent. In themselves, these figures may not [redacted] unmanageable. The life insurers, [redacted] point [redacted] that only [redacted] per cent of their aggregate $255bn mortgage portfolio [redacted] "delinquent" (the borrower had [redacted] the terms of the loan) by the third quarter of 1990 – [redacted] rather better [redacted] than that of other financial institutions.

The *trouble is that these numbers* [redacted] "averages" which conceal horrifying individual examples. [redacted] instance, First Executive, [redacted] insurer [redacted] big customer [redacted] Drexel Burnham Lambert, the now [redacted] investment bank, [redacted] had more than 45 per cent of its assets [redacted] junk bonds.

[redacted] the problems been confined [redacted] the industry's [redacted] members. Moody's, [redacted] big ratings [redacted] *conducted a survey of the life industry's* [redacted] *port*[redacted] towards [redacted] end [redacted] downgradings. Two related to Equitable Life, and [redacted] Equitable [redacted] subsidiary.

[redacted] portfolios are [redacted] worry [redacted] the life side. Competition has led [redacted] the development [redacted] policies which are significantly [redacted] expensive [redacted] administer and which [redacted] lower return [redacted] insurer than traditional [redacted] obligations, such [redacted] guaranteed investment contracts which were marketed [redacted]vely in the 1980s, have proved difficult [redacted] impossible [redacted] a profit on as interest [redacted] fell.

[redacted] *property-casualty sector,* [redacted] emphasis is quite different. In [redacted] of [redacted] portfolios, [redacted] little [redacted] concern. According [redacted] Office, *junk* [redacted] 1 per [redacted] of invested [redacted] between [redacted] and 1989 [redacted] real estate failed to top 4 per cent. Concerns focus [redacted] profitability of [redacted] business, certain structural changes which appear to be taking place, [redacted] adequacy of reserves.

[redacted] the first score, property-casualty insurers were immersed in a particularly [redacted] its [redacted] in [redacted] 1984. Returns improved throughout the [redacted] sector [redacted] move [redacted] underwriting profits, [redacted] cycle turned [redacted] again in 1988. *Some analysts* [redacted] run of catastrophes late that [redacted] would reverse the [redacted] in capacity. But even though some *price* [redacted] *have* [redacted] pushed through in niche areas, most [redacted] ers reckon there will be no real earnings improvement until 1992.

The really worrying suggestion [redacted] that underwriting cycles may [redacted] becoming longer and more unstable as [redacted] structure [redacted] industry changes. The [redacted] cycle, for example, is reckoned to [redacted] 10 years, compared with five [redacted] on the previous [redacted] occasions, and the downswings [redacted]ngated.

There is some rationale for this; a significant proportion [redacted] the commercial [redacted] has been switching to *self-insurance (for example,* through mutual arrangements with [redacted] companies). This means that [redacted] overcapacity persists on [redacted] *supply side,* [redacted] *be* [redacted] in key lines, or growing only slowly at best.

The consequence, many observers suggest, [redacted] that insurers have expanded [redacted] aggressively into other areas of [redacted] At the forefront [redacted] ambitions has [redacted] the general liability insurance market.

This [redacted] involve anything from [redacted] for professional services [redacted] insuring potential damages from manufacturing operations. As a line of business, it tends to be quite profitable in the short term. But insurers are also exposed for long periods and *the ultimate costs can be difficult to* predict. As a result, there is [redacted] growing concern that many companies may [redacted] inadequate reserves [redacted] this *score.*

Compounding these headaches are the "social pressures" impinging on the industry. Car insurance is one example. The problem started in California, when [redacted] voters passed Proposition 103, demanding a rollback in rates. "Prop 103" [redacted] subject to a long legal battle, [redacted] the insurance companies have won [redacted] right [redacted] a [redacted] rate of return", mitigating its effect. But similar initiatives have spread to other areas like New Jersey and Pennsylvania, and caused some insurers to pull [redacted] of auto insurance in these states.

Finally – although less urgent – other financial institutions may yet muscle in on the insurers' territory. The commercial banks, despite their *own difficulties,* have shown [redacted] interest, and Citibank is fighting a legal battle in New York over its right to sell insurance nationally.

What [redacted] the implications of these combined pressures on the industry? The fear persists that there will be a run of sizeable insolvencies that the guaranty system *cannot* handle. So far the number [redacted] failures in the industry, although rising, has not reached serious proportions. But Mr Richard Stewart, a former New York state insurance commissioner, has little hesitation in predicting that there will be "a significant wave of insolvencies" in the property-casualty sector over the next five years. If these occur in the general liability sector, they may be of an entirely different order, he says, from past collapses – namely "large, national, complex and interconnected".

Here is the rub. When a company goes bust, the state guaranty association taps other insurers in its area to cover unpaid claims of the insolvent insurer. But the assessment levels are invariably capped, *most* commonly at 2 per cent of annual premiums. If a couple of large national insurers went under, it could take years for guaranty funds to raise enough money to pay outstanding claims.

Not everyone takes such a unreservedly gloomy stance. "We do not subscribe to the view of widespread insolvencies," comments Mr Larry Mayewski, a vice-president [redacted] A M Best, the rating agency which specialises in the insurance sector. "But there are specific companies *which* are surely weak."

What is to be done? The Dingell committee is expected to complete its *deliberations by the summer and will* [redacted] up [redacted] legislative propos[redacted] investigation [redacted] spurred action.

The National [redacted] Insurance Commissioners, for example, has put forward [redacted] variety of proposals, including [redacted] that [redacted] which [redacted] in bonds [redacted] certain quality. It has made [redacted] a requirement [redacted] financial [redacted] subject [redacted] an [redacted] by [redacted] certified public accountant, and has entertained [redacted] of having [redacted] guaranty funds play [redacted] role in reviewing [redacted] finances [redacted] supposedly [redacted] companies.

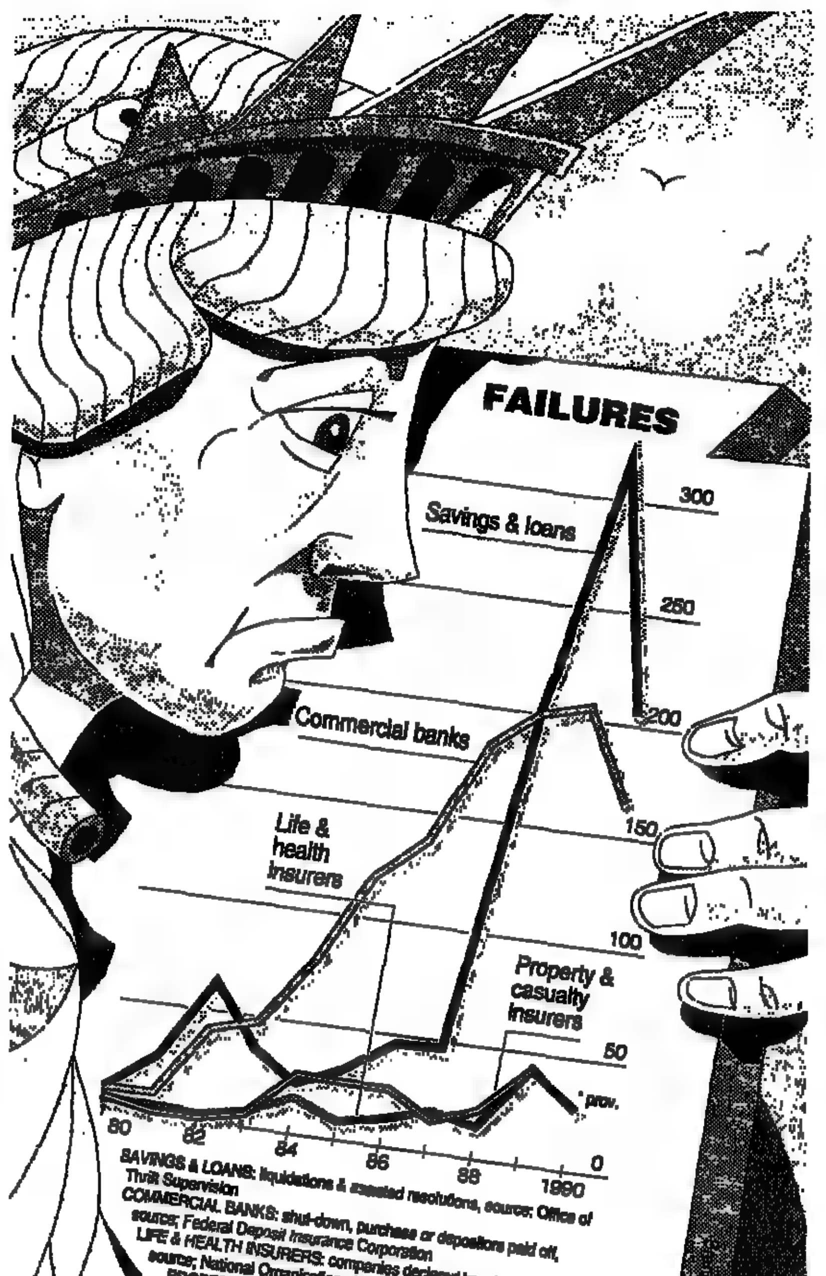
[redacted] *one,* [redacted] *seems,* [redacted] *quarrelling* with [redacted] the question is whether they are enough. The NAIC [redacted] only recommend regulations. *Much depends on* [redacted] *of* individual [redacted] for speedy implementation.

"I reckon that regulation is good or adequate [redacted] about half [redacted] states," says a senior executive at one of the [redacted] insurance companies. For [redacted] rest, he said, "50 per cent is below par and 25 per cent is disgraceful".

Those, like the [redacted] which favour a beefed-up state system, point out that the current structure has [redacted] relatively good record. They note tartly that federal regulators oversaw the [redacted] and [redacted] it is preferable to build [redacted] a tried [redacted]

[redacted] the *matter will rest there.* There [redacted] suspicion that some form [redacted] commission", charged with ensuring [redacted] uniformity [redacted] *among the* [redacted] *states,* could [redacted] proposed. Also on the [redacted] might be some form [redacted] federal insol[redacted] fund.

"I'm [redacted] *supporter of* [redacted] *eral guarantee fund,*" [redacted] one Washington insurance executive, "but there's no denying [redacted] of political pressure." After [redacted] S&L and banking debacles, who can be surprised?



SAVINGS & LOANS: liquidations & assisted resolutions, source: Office of Thrift Supervision
COMMERCIAL BANKS: shut-down, purchase or depositors paid off, source: Federal Deposit Insurance Corporation
LIFE & HEALTH INSURERS: companies declared impaired or insolvent, source: National Organisation of Life & Health Guaranty Associations
PROPERTY & CASUALTY INSURERS: companies placed in conservation, rehabilitation or liquidation, source: Insurance Services Office

OBSERVER

New trick by Old Lady

■ What [redacted] England up [redacted] Once, it [redacted] have leant over [redacted] a British-owned bank led [redacted] prestige-piled official [redacted] in [redacted] bond markets.

[redacted] it [redacted] appointing a US-[redacted] institution, Morgan Stanley International, to [redacted] bond [redacted] by [redacted] Majesty's Government. Indeed, [redacted] well that [redacted] has been [redacted] Ecu2.5bn (£1.75bn).

[redacted] ground-breaking deal *is all part of a UK plan* [redacted] *capture* [redacted] lion's [redacted] growing Ecu capital market and [redacted] London's main competitor: Paris.

The problem is that the UK's home-grown securities firms have no [redacted] *strength* [redacted] Ecu [redacted] Worse, [redacted] gest are French houses such as Banque Paribas.

There [redacted] the little question [redacted] why Morgan Stanley? [redacted] *lead-managed an Ecu* [redacted] its [redacted] 1989.

The official line is that the [redacted] merit. [redacted] House of Morgan has always [redacted] HMG and Morgan Stanley, employing [redacted] people in London, [redacted] strong on sovereign bond issues and has a large Ecu trading capability.

But the Eurobond market is an uncharitable place. It has [redacted] gone unnoticed [redacted] the chairman [redacted] Morgan Stanley International [redacted] London is Lord Richardson (Sir Gordon as was), [redacted] governor [redacted] the Bank of England.

Perhaps, some unkind souls suggest, times don't change much after all.

Lost Ball

■*Hearing the catalogue of* strategic [redacted] that memo-writing George Ball allegedly made during [redacted] years *running Prudential-Bache* Securities, one [redacted] why he [redacted] so long [redacted] the [redacted] of [redacted] securities firm in the [redacted] of Wall Street.

Without [redacted] backing [redacted] the Pru, the [redacted] mutual [redacted] giant, [redacted] firm would have disappeared a long time ago – say his critics.

[redacted] one usually scathing critic [redacted] Wall Street's ability to lose other people's money, Lipper Analytical's Perrin Long, demurs. [redacted] says that with [redacted] possible exception of [redacted] individuals, such [redacted] Primerica's Sandy Weill, [redacted] *can't think* [redacted] could [redacted] any [redacted] Pru-Bache.

Ball inherited a [redacted] broker suffering from perennially low margins. That was [redacted] of [redacted] strategic problems, [redacted] Long.

Will [redacted] call now go [redacted] Sandy Weill, [redacted] has he enough problems [redacted] his plate?

Knocking copy

■ Selling in [redacted] Union is a pamphlet [redacted] no fewer than 281 quips – the proceeds reputedly going [redacted] finance [redacted] "anti-communist struggle". Two examples:

A foreign visitor [redacted] is buying Rabinovich a meal [redacted] orders black [redacted] "Huh," [redacted] Rabinovich, "your tastes are out of date. We stopped [redacted]ting that ages ago."

What did Germany glean from Karl Marx? The east took the Communist [redacted] The west got Capital.

Sterling test

■ It [redacted] a long time [redacted] Britain's downtrodden ship[redacted] had as potent a *figure as P [redacted] O's Lord Sterling* arguing their case in the corridors [redacted] power. Hence there has [redacted] discreet lobbying [redacted] per[redacted] *him* [redacted] *stay on the* bridge for a [redacted] successive year as president [redacted] the General Council [redacted] British Shipping. It [redacted] to be.

Sir Frederic Bolton and Sir Ian Denholm [redacted] president more than [redacted] But neither held the position [redacted] longer than [redacted] time. The [redacted] shipping tycoon [redacted] do [redacted] on the [redacted] P [redacted] O's first Earl [redacted] Inchcape, 70 years back.

So it would [redacted] highly unusual if Sterling, [redacted] controls over a third [redacted] UK fleet, had stayed on. In [redacted] the general council *has just recruited* [redacted] admiral, Sir [redacted] Hunt, [redacted] be its [redacted] full-time [redacted] general [redacted] high.

Clearly, Sterling [redacted] hoping that by the time he hands [redacted] presidency [redacted] relatively [redacted] Everard, he will [redacted] persuaded [redacted] government to [redacted] rebuilding [redacted] Britain's rapidly ageing merchant fleet by *introducing 100 per cent* [redacted] If not, then a large part [redacted] the P [redacted] fleet could be flying something [redacted] than the Red Ensign in future.

Either [redacted] it will [redacted] Sterling's behind-the-scenes influence remains as great as is [redacted] suggested.

Sales pitch

■ Green with envy at golfers who nonchalantly snap clubs over knees in irritation at a bad shot? The British insurance industry is driving to your aid with Caddysure – a new package from Exall Warren Darby and Trinity insurance.

For just [redacted] a year, it offers club golfers cover for lost or damaged equipment, personal [redacted] and liabilities [redacted] third parties. [redacted] can break your *niblick over your partner's* head and it won't [redacted] you [redacted] penny.

There [redacted] an incentive to [redacted] play – hole-in-one [redacted] – reimbursing [redacted] golfer for buying [redacted] traditional *round of drinks at the* [redacted] double, old boy, I'm insured".

[redacted] one person [redacted] unlikely to [redacted] hole-in-one cover [redacted] marketing man [redacted] Trinity Insurance who [redacted] promoting [redacted] deal: [redacted] Rough.

Show business

■ While [redacted] managing directors throw [redacted] jug [redacted] their daughters in public, [redacted] entirely in character [redacted] *Richard Strong, who* [redacted] quit[redacted] Strong [redacted] Fisher [redacted] company which his [redacted]

Amanda Strong found herself all [redacted] at a press conference [redacted] her [redacted] prove the stain-resistant and water-repellent qualities *of his company's Hi-Tec* leather.

The [redacted] flourish did the trick. On another [redacted] *he b[redacted]ght six glamorous* leather-clad [redacted] a pre[redacted] City analysts. "We got [redacted] and I've [redacted] seen so many people stay [redacted] for lunch," recalls a former adviser.

Strong is also [redacted] man. Now his company has [redacted] under the control [redacted] Hillsdown Holdings, his main concern is [redacted] new masters will continue sponsoring Anne-Marie Evans's [redacted] to make the British three-day-event team.

Natural break

■ Criticisms [redacted] British [redacted] of passen... – sorry – [redacted] in the cold weather [redacted] evidently inspired [redacted] try harder.

Witness the guard [redacted] a Hastings-bound [redacted] with no working toilets, who [redacted] that [redacted] could [redacted] found in [redacted] *station* [redacted] during the stop at Tonbridge.

"The train", he added, "will await your convenience".

POLITICS TODAY

Children move to centre stage

By Joe Rogaly

The British parliament, that undisciplined nest of fornicators, adulterers and divorcees, spent a recent afternoon debating "family policy". We should hear something tangible about it on the third day of Ramadan, when Mr Norman Lamont presents his Budget. What, you may ask, does our dapper new chancellor of the exchequer have to do with family policy? The answer is plain: everything. For at the end of the day, when the familiar moral and sociological pronouncements repeated in the Commons debate have been sifted through, what all parties are talking about is political cash flow – how much flows in to the Treasury, and how much out of it to parents.

"Family policy" is therefore expected to be a prominent theme in the general election campaign. It has to be, since it is about money. You can forget the philosophising. Some Conservatives turn the stomach with their pious protestations about the sanctity of marriage and its supposed function as a building-brick of society. They fret about Britain's high divorce rate and the propensity of young people to prefer cohabitation to wedlock. (My chart shows some of the results of the latter fashion.) Some in the Labour party are alarmingly over-enthusiastic about lone parenting, extramarital childbearing, and a variety of other interpersonal relationships.

There is nothing wrong with politicians making speeches on these matters. They are paid to air their points of view. But air is all it is. Government interference should stop at the front door of the citizen's home. Patterns of adult behaviour are private matters. They are, or should be, outside the remit of the state. This was not quite accepted by certain of Mrs Margaret Thatcher's advisers, a few of whom hoped that tinkering with the divorce laws and chivvying the Archbishop of Canterbury would stop what *they saw as the rot. It is* not accepted by gender politicians on the left. They want legal rights to be attached to specific personal predilections. There is no future in following either line of thought. Whichever party is in power, the government in a democracy should leave such concerns alone. Let the religious leaders and the psychotherapists deal with them.

The government does, however, have a role as a protector of children. This is generally recognised, even by the libertarian right. Flat-earth market economists can ease their minds by regarding the diversion of resources to child-rearing as an investment in the oncoming generation. This works. When all of last year's Thatcherite agonising was done, the only practical policy to emerge – apart from a mumble about a pause before divorce – [redacted] scheme to help single mothers claim maintenance payments from recalcitrant fathers. Some women protest that they do not want to name, [redacted] have contact with, the father. But the principle is sound: the financial obligations of parenthood must be enforced.

As to the rest, family policy boils down to whether you restore child tax allowances, increase child benefit payments, extend subsidised child care or combine all three. It also has to do with the level of poll tax, which hits single parents hard, but that is for another day. Mr Lamont is no doubt addressing himself to each of these questions, although actual upratings of child benefit are usually announced in November, not at Budget time. His choice of what to do will tell us much about the degree [redacted] which the post-Thatcher Conservative government intends to shift [redacted] of [redacted] social market strategy from the market to the social.

He has plenty of proposals to choose from. At the libertarian end of the spectrum there is Mr Barry Bracewell-Milnes' new scheme, just published by the Institute [redacted] Economic Affairs[1]. He would have the Inland Revenue offer a grossed-up tax allowance to replace child benefit: the standard £7.25 weekly benefit would be replaced by an allowance of £1,508. You could offset [redacted] of this against income taxed at 25 per cent, but Mr Bracewell-Milnes, who sheds an idiosyncratic tear for the high cost of bringing up children in high-earning households, would like the offset extended to the 40 per cent band. Either way, many more low-earners would pay no tax. Non-earners could still claim their £7.25 benefit.

Similar notions have been propounded in a variety of pamphlets emanating from the Tory right. We have to take them seriously: even in Mr Major's Britain they are not yet quite yesterday's men. The common thread is a puritanical dislike of benefit payments, which are regarded as indiscriminate handouts, and a strong preference for anything that reduces the level of personal taxation. The trouble is that the public likes child benefit, which is non-taxable and payable to the mother. So do many Conservative MPs. Tories of the Bracewell-Milnes persuasion have failed to wither it away, in spite of freezing [redacted] and thus reducing its real value by a fifth since 1979. When Mr Tony Newton, secretary for social security, announced last October that it would [redacted] increased to £8.25 for the first child from April 1 he probably secured its [redacted] enduring feature of Britain's social market economy.

The public likes child benefit, which is non-taxable and payable to the mother

Mr David Willetts, he of the Centre for Policy Studies, [redacted] celebrated Thatcherite think-tank, is on another tack. He would have child benefit doubled for under-fives, and abolished for all other children, on the ground that mothers of tots tend to stay home and care for them rather than go out and earn money, so that poor families tend to be those with young children. He recognises abolition as "extreme", and now[2] proposes a painless route to heaven. He would increase the rate to £8.25 for all children, then index the under-five rate to keep it moving upwards. The rate for children over five would be frozen, thus eventually withering into disuse. He would supplement this package with a child or "family" tax allowance, to be paid for either by removing the married couple's allowance (Labour would also do that) or by abandoning the Conservatives' long-term aim of a 20 per cent standard rate of income tax.

Mr Willetts is nothing if not ingenious. As he reminds us, since 1979 the incomes of two-adult households have grown more than twice as fast as those of households made up of two adults and two dependent children. It is one result of a broad move of tax and benefit policies away from family support that has gathered pace over the past two decades. Mr Frank Field, the Labour chairman of the parliamentary select committee on the social services, calls it a "disinvestment policy in the nation's children".

Until the contrary is proved, I choose to assume that the caring, classless administration of Mr John Major will want to redress the balance, if only a little. Mr Lamont will never make sense of how best to do this unless he runs a few numbers through the machine. The task has been attempted for him by Ms Hermione Parker and Ms Holly Sutherland; their results have just been published by the Suntory-Toyota International Centre for Economics and [redacted] Disciplines[3].

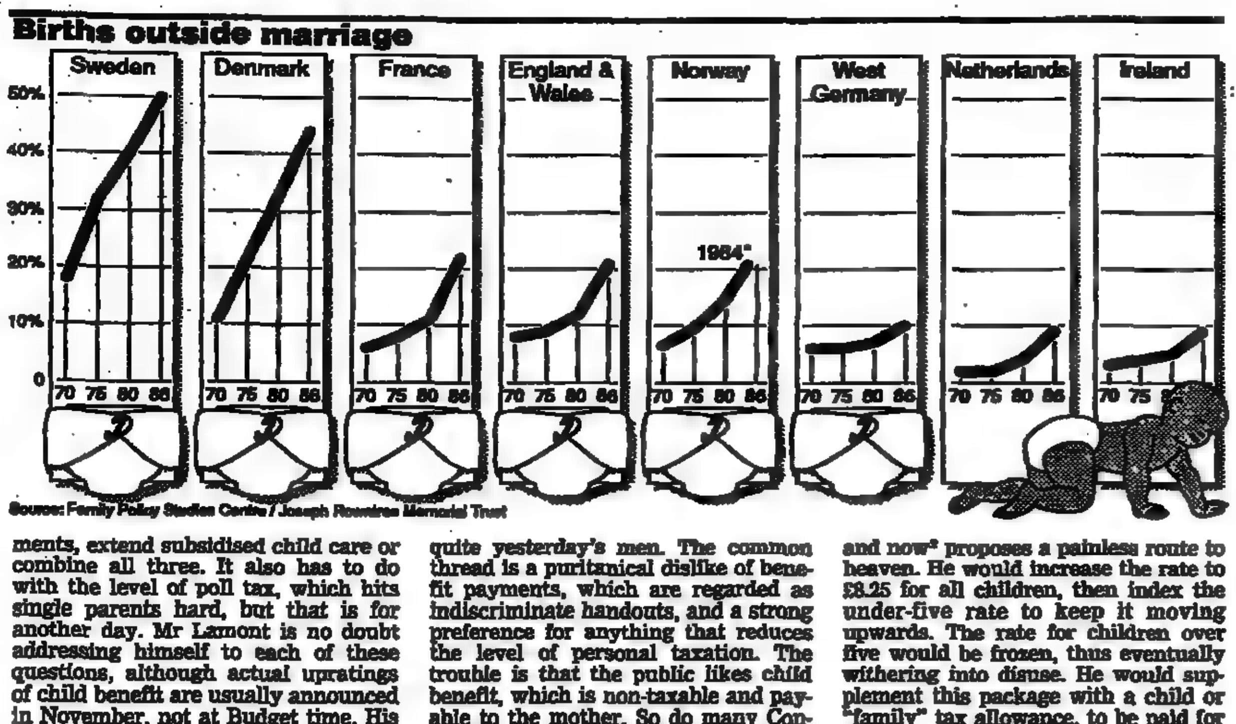
Their [redacted] takes [redacted] government's Family Expenditure Survey data and [redacted] and losses by family, according [redacted] variables [redacted] tax, [redacted] insurance, social [redacted] and [redacted] like. Complexities you and I never think of, like the fact that child [redacted] from, not [redacted] to, income support [redacted] be factored in. This means that the very [redacted] do [redacted] gain financially from [redacted] benefit, although [redacted] it is paid to everyone it does not constitute a [redacted] work, [redacted] means-tested payments do. But that is just one of [redacted] tangles.

[redacted] print-outs [redacted] doubt on the Willetts [redacted] child poverty [redacted] child-bearing patterns [redacted] complicated than [redacted]. Again, [redacted] "tend [redacted] redistribute income upwards", in spite of [redacted] Bracewell-Milnes' bracing theories. Abolishing child benefit [redacted] moving [redacted] child [redacted] reliefs [redacted] continue the shift of fiscal advantage away from families with children. A combination of the two would be less regressive and less of a poverty trap.

The two most favourable choices indicated by the Parker-Sutherland analysis are interesting, if politically unlikely. One is to raise child benefit to £13.25 a week, paying for it by an extra 2p on income tax. For families with children the extra tax is offset by the extra benefit, even at the higher levels. The average gains, net of tax, are £5 a week in the bottom two tenths in income terms and £1 in the top tenth. It might be worth re-running this at the Treasury, keeping income tax where it is but freezing existing allowances. That, too, would finance a strong uprating in child benefit. It might also finance the second favourable option in this paper, a basic income benefit for every man, woman, and child of £11.89. The net effect is an average of £400 a year more at the bottom end of the scale and an average cut of £600 at the top.

When you have sorted tax and benefits the final element in the mix is subsidies, either in the form of a tax relief for child care payments made by mothers who choose to go out to work, or credits of some sort to be used to buy places in nurseries and crèches. On this I am with Mr Willetts, who seeks to avoid discrimination between mothers who work and those who do not. The tax system should favour neither one route nor the other. Therefore every mother (or directly responsible father) ought to have any payment going. The Willetts conclusion is beautifully simple: child [redacted], properly uprated, is the best child care voucher. I agree, except for his concentration on the under-fives. Child benefit is also the best kind of family policy, and possibly one of the best vote-winners of its kind. That is why Labour is betting on it.

[1] *IEA Inquiry No 22; 2 Lord North St, London SW1P 3LB.* [2] *CPS policy study No 120; 8 Wilfred St, London SW1E 6PL.* [3] *Sticerd Occasional Paper 16; LSE, Houghton Street, London WC2A 2AE*



Source: Family Policy Studies Centre / Joseph Rowntree Memorial Trust

Export credit guarantees

Disarmament is not the answer

By Edmund Dell

[redacted] from the UK Export Credits [redacted] Department include greatly increased provisions which give it negative net [redacted]. How should one respond to [redacted] prospect of Britain's export credit [redacted] showing a [redacted]

[redacted] Tyrie (FT, February 1) [redacted] that British [redacted] should not ape the [redacted] of other governments which expensively support their nation's exports. If necessary, [redacted] writes, [redacted] government should [redacted] unilaterally and [redacted] the British tax-payer from [redacted] burden.

Mr Tyrie is *presumably* revealing advice he [redacted] Treasury adviser. The [redacted] right [redacted] reject it then and should continue to do so [redacted].

Why has there [redacted] this [redacted] in [redacted] performance? The international economic environment and debt [redacted] certainly made risk [redacted] more difficult. ECGD's provisions [redacted] a symptom of the declining competitiveness of UK [redacted]try.

Nevertheless, [redacted] not [redacted] of [redacted] European export [redacted] agencies would look if they were to adopt the provisioning rules now imposed on ECGD. [redacted] government [redacted] that, [redacted] problems, ECGD [redacted]ble agencies. [redacted] of [redacted] kind [redacted] just [redacted] British taxpa[redacted] other [redacted].

The [redacted] all govern[redacted] might [redacted] an opportunity [redacted] agreement to limit these exposures. [redacted] problem [redacted] difficult to see [redacted] multilateral deal [redacted]. Financial [redacted] on [redacted] may [redacted] to more [redacted]. But [redacted] complete ban on such guarantees [redacted] unlikely.

The [redacted] is thus between [redacted] total [redacted] of such guarantees and [redacted] rather [redacted] approach to [redacted] granting [redacted] guarantees which the British government [redacted] to [redacted] adopted in [redacted] portfolio management system.

If the government followed Mr Tyrie's advice, no private sector institution would take ECGD's place. It would imply an intention that UK suppliers should not compete [redacted] project business in developing countries. It would have a catastrophic effect on the ability of the lead companies affected, and [redacted] their sub-contractors, [redacted] fund export business.

Project business may only represent [redacted] per cent of UK exports. But [redacted] much higher proportion of the activity of the companies principally involved. If they [redacted] denied the opportunity to export, the future of their proj[redacted] capability in the domestic as well as the export market will be in doubt.

Another subject of Mr Tyrie's scorn is interest subsi[redacted] on loans. These he describes [redacted] "hand-outs [redacted] favoured countries to persuade them to buy British goods on credit". I assure him that there is little that the UK sells that [redacted] could not buy competitively [redacted]. We are doing [redacted] favours. [redacted] are a reflection of UK [redacted]. I would [redacted] them [redacted] the [redacted] country plagued by high inflation and [redacted] current [redacted] imposes [redacted] itself [redacted] doing export [redacted].

The principal culprit [redacted] be [redacted] government. Inflation and the current [redacted] have [redacted] perennial problems for British governments. British exporters would far rather enjoy German inflation, the German current account, and German rates of interest.

Dogmatic hostility to any government intervention in *industrial activity, other than* regulatory, has not on present evidence achieved the miracle until recently attributed to it. Mr Tyrie's absolutist attack on export guarantees is, surely, a leftover from another era. His views are not shared by our *leading competitors* many of whose economies are stronger than our own. His "touch of radicalism" is of the kind that digs up the roots only to find that it has killed the tree.

The author is chairman of the London Chamber of Commerce and was Labour trade secretary, [redacted]

LETTERS

Hardly a decade of 'export success'

From Dr John Wells.

Sir, Philip Oppenheim MP ("Unfair to blame the past decade for current problems", January 30) really should try and get his facts right.

The 1980s cannot possibly be portrayed as a decade of UK export success. In fact, in most areas of trade, the UK experienced a deceleration in the growth rate of export volume in the 1980s, compared with the two previous decades.

The services were a particular disappointment; in spite of all the hype, service exports grew by a paltry 1.6 per cent a year in volume terms during the 1980s.

Manufactured export volume growth undoubtedly accelerated during the latter part of the decade – following an extremely disappointing first half – though this, to some degree, reflected the late-1980s recovery in world trade. Even so, following the dramatic 2 per cent loss in the UK's world manufactured export share between 1979-82, UN data, at least, does not confirm any subsequent stabilisation in that share; on the contrary, they show a continued steady decline (at constant prices).

Moreover, in the increasingly internationally-integrated markets in which manufacturing companies *now* operate – penetrating each other's domestic markets in the struggle for global share – the changes in a country's share of world manufactured exports no longer provide a relatively unambiguous indicator of industrial performance.

The export share, since it ignores changes in import-penetration, is rendered a rather partial indicator. What has to be measured is the capacity to hold on to both overseas and domestic market share – and this is best summarised by the growth of manufacturing output, whether destined for home or foreign markets.

And, here, Mr Oppenheim's claim that "the liberal 1980s witnessed Britain's manufacturing output ... growing faster than any other country in Europe" is completely untrue. Ranked by the rate of growth of manufacturing output, even measured between 1980-90 (ie from near trough to peak in the *UK cycle*), *Britain came* ninth out of 16 European OECD countries for which data are available. Taking the period 1979-90, ie spanning the entire Conservative term [redacted] office, the UK came in 14th out of 16 European OECD countries.

Finally, Mr Oppenheim must not be allowed to get [redacted] with the old canard that manufacturing output fell during the term [redacted] office of the 1974-79 Labour government. The relevant monthly indices for manufacturing output [redacted] (1985=100): February 1974, 105.5; May 1979, 108.4. This is a not too dissimilar performance from that of other OECD countries, grappling, as was Britain at the time, with rising energy prices and dependence on energy imports. These conditions were much less favourable than those which the Conservatives enjoyed in the 1980s.

MPs have numerous platforms from which to engage in public debate. But, when they do so, surely members of the public have a right to expect them to ensure their facts are correct. Perhaps, legislation should be introduced encouraging them to do so?

John Wells
University of Cambridge,
Faculty of Economics and
[redacted]
[redacted] *Robinson Building*
Sidgwick Avenue, [redacted]

Rate of growth of export volume, by decade (percentage p.a. compound)

Sector	1960-70	1970-80	1980-90
Non-oil goods	5.0	4.1	4.2
All goods	5.0	4.8	4.1
Services	5.1	3.8	1.6
Non-oil goods and services	5.0	4.0	3.5
All goods and services	5.0	4.3	2.5
Manufactures	4.8	3.9	4.6

Source: UK official statistics

Rates of growth of manufacturing output (percentage increase)

1980-90	%	1979-90	%
1. Eire	98.4	1. Eire	95.6
2. Portugal	49.8	2. Portugal	60.1
3. Luxembourg	44.5	3. Finland	40.8
4. Austria	34.3	4. Luxembour	40.2
5. Finland	30.8	5. Austria	38.8
6. Netherlands	30.2	6. Netherlands	30.2
7. Belgium	24.8	7. Switzerland	30.1
8. Switzerland	23.5	8. Belgium	22.4
9. UK	22.5	9. Germany	22.1
10. Germany	22.1	10. Italy	20.1
11. Spain	18.1	11. Spain	18.5
12. Sweden	17.4	12. Sweden	17.4
13. Italy	13.3	13. Norway	13.5
14. Norway	12.3	14. UK	11.9
15. France	10.0	15. France	9.2
16. Greece	4.4	16. Greece	5.4

Sources: OECD, main economic indicators, (various).

Investment in training

From Miss Diana McMahon.

Sir, John Banham's [redacted]ment ("Defending industry's training record", February 6) is timely, [redacted] he [redacted] *UK* national statistics to prove that investment in training is being maintained.

It may be more helpful to cite specific businesses in a local area (the purpose for which Training and Enterprise *Councils were set up). In Bed*fordshire, for example, chief executives representing leading employers on the county's Training and Enterprise Council – including Vauxhall Motors, NFC, Texas Instruments, Whitbread Leisure, Grant Thornton, Willmott Dixon and the North Bedfordshire Health Authority – report that they are increasing, or at least maintaining, training levels and spending in 1991.

Diana McMahon,
Bedfordshire Training and Enterprise Council,
Wesley House,
Luton, Bedfordshire

The wrong end of the stick

From Mr Peter Heath.

Sir, I do wish somebody could get through to the Consumers' Association to straighten out their thinking on the question of commission disclosure.

Yet again they demonstrated in John Willman's article ("Wanted: a user-friendly system for city regulation", February 11) that they have hold of the wrong end of the stick; the editor of Consumer Policy Review says quite rightly "it is axiomatic that consumers need to know the price of a service in order to make sensible decisions".

No one can object to this principle, but surely what the consumer needs to know in this context is how much of his premium is being eaten up by charges. To disclose commission levels and to ignore other expenses, for marketing and administration, for example, is to miss the point.

The second misunderstanding is that commission disclosure comes too late because it is made after the sale and is obscurely expressed.

Please can it be made clear that, [redacted] though it comes after [redacted] sale, the commission disclosure is part of a [redacted] which expressly gives the consumer 14 [redacted] the policy.

So it is certainly not too late for the consumer to change his mind. [redacted] obscurity, [redacted] it really so difficult to work out what "X [redacted]" of the [redacted]mium in the first year means in monetary terms?

I suggest that anybody [redacted] should not be entrusted with the week's shopping, never mind buying a life policy.

Peter Heath,
Soderman (UK),
20/21 Tooks Court
Cursitor Street
London EC4

Fax service

LETTERS [redacted] Editor may be faxed on 071-873 5938.

Letters should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

[redacted] a [redacted] computer-to-computer link, but [redacted] first telephone our computer department on 071-873 [redacted].

FINANCIAL TIMES
Friday February 15 1991

Moscow set to raise prices by up to 200%

By Leyla Boulton in Moscow

THE Soviet government is expected to unveil long-[illegible] price reforms on Monday raising the prices of food and clothing by between 100 and [illegible] per cent.

But they will be [illegible] by hefty [illegible] compensations for a population frightened of any change [illegible] prices.

Mr Andrei Orlov, deputy chairman [illegible] the government's [illegible] reform commission, said the price increases would [illegible] announced [illegible] parliament reconvenes on Monday. He could not say when they would [illegible] into effect, but it is likely [illegible] will want to [illegible] a time [illegible] between [illegible] announcement and implementation [illegible] pre-empt panic buying.

The Federation Council, which brings together leaders of the 15 [illegible] republics, is expected [illegible] approve the package in [illegible] today.

The reforms are designed in part [illegible] a more realistic structure for pricing, linked more closely [illegible] production [illegible], as well as cutting subsidies.

Mr Orlov said [illegible] subsidies for food would be reduced to a quarter of their present level as a result [illegible] the changes.

The Russian parliament was yesterday debating the package in closed session, indicating that the price [illegible] are imminent. Interfax news agency said the price of meat, bread and flour would be tripled, and milk and children's clothes would go up 130 per cent. Household appliances, detergents and underwear would increase by around 75 per cent, and railway and air fares would rise by [illegible] and 80 per cent respectively.

The measures include compensation for wage-earners, tied [illegible] a basket of products, including all essential food and "first priority" consumer goods. Mr Vladimir Shcherbakov, the labour minister, said it would put [illegible] Rbs60 in every pay packet.

But in an apparent attempt [illegible] mitigate both the inflationary effects and a potential [illegible] by [illegible] prices of petrol, alcohol, and medicine will [illegible] change, according [illegible] Mr Orlov.

Editorial comment, Page 16

Amman echoes to calls for revenge

Mark Nicholson reports on a different form of anger in Jordan

BY DUSK [illegible] night, the [illegible] chant for [illegible] Hussein [illegible] chemical weapons [illegible] the bombing of an Iraqi air raid shelter was still ringing off the walls of the US embassy in Amman loud enough [illegible] in prayer.

"No-one [illegible] will sleep tonight, they will [illegible] waiting [illegible] attack [illegible] Aviv," [illegible] in a typical expression [illegible] outrage which spilled [illegible] Amman's [illegible] yesterday in a [illegible] of demonstrations. Though smaller than many in recent [illegible] their [illegible] a different order.

Where previous [illegible] cloaked in celebration, symbolised for instance by the proud brandishing of [illegible] of [illegible] missiles, yesterday's were underlain with a will for [illegible].

Special [illegible] police armed with guns, clubs and shields watched [illegible] they were [illegible] control with clearly [illegible] feelings. But although a few [illegible] were slapped [illegible] jostled, [illegible] the [illegible] Jordanians had only violent [illegible] for onlookers from Britain [illegible] America.

For the most part the crowds' ire was directed at President Bush "the butcher of mankind", King Fahd, the [illegible] ruler and [illegible] Mubarak [illegible] Egypt, or "Hosni Dollar" as he has been branded for his perceived complicity in the [illegible] war.

"Bush, Fahd, Hosni, Assad, we will kill them all," [illegible] middle-aged man brandishing a black flag. "We will [illegible], we will kill every one," he [illegible] to [illegible] a great [illegible] Akhbar" [God is Great].

But an [illegible] of the [illegible] *derives* [illegible] *a* knowledge that [illegible] will not, cannot and, finally, do not wish [illegible] fight. Beside posters of President Saddam they held aloft pictures of King Hussein, whom they have never respected more [illegible] whom they will follow in his partisan neutrality.

But since the bombing campaign began, Jordanians from all levels [illegible] this [illegible] society have [illegible] with deepening grief, fury and a bitter belief that the coalition is intent on nothing less than the complete [illegible] Iraq.

[illegible] *heavily guarded* US embassy, one of [illegible] buildings in the city to fly its flag at full mast, more than [illegible] and children waving their own black flags began their vigil early yesterday morning and pelted the building with stones, [illegible] ink and shoes, a traditional [illegible] insult. Some [illegible] women sobbed, rocking children in their arms.

At one point, a two-year-old girl was held [illegible] while the crowd [illegible] into a call for Mr [illegible] to kill Israelis and [illegible] *troops with* [illegible] weapons.

Other crowds [illegible] the United Nations headquarters and [illegible] pelted it with stones, in testimony [illegible] the disillusionment [illegible] by many [illegible] towards an organisation they now believe to have been hijacked [illegible] conspiracy against the Arab world.

The crowds will return [illegible] today, [illegible] the [illegible] weekend, perhaps in even greater numbers. And again, [illegible] violence is likely [illegible] be purely vocal.

*It is unlikely that all Jordan*ians will [illegible] will for [illegible] in words alone. Soon after news [illegible] air-raid [illegible] a young German [illegible] sitting in a downtown [illegible] in the chest by a man who had just [illegible] scenes [illegible] Baghdad [illegible] on television. The student, who had apparently been mistaken [illegible] an American, escaped death but no-one [illegible] this will [illegible] the [illegible] casualty [illegible] Jordan's [illegible].

A Jordanian joins in [illegible] the United [illegible] building in Amman yesterday

US plans further cuts in export controls

By Peter Riddell, [illegible] Editor, in Washington

THE [illegible] planning [illegible] by a further 25 per cent the [illegible] of technology exports *subject* [illegible] *controls* and licensing, but will [illegible] restric[illegible] high-technology [illegible] *to countries like the* [illegible] Union and Iraq.

Foreshadowing a [illegible] within a [illegible] weeks, Mr Robert Gates, [illegible] George [illegible] deputy national security adviser, yesterday [illegible] the US would maintain tight controls on exports [illegible] the [illegible] of certain products, such as [illegible] tele[illegible] systems. He [illegible] the war with Iraq [illegible] the [illegible] crackdown in [illegible] Bal[illegible] underscored [illegible] importance [illegible] keeping controls.

The US still wants [illegible] fibre-optic equipment [illegible] Union because of worries about [illegible] impact on intelligence gathering, but there [illegible] to permitting [illegible] exports [illegible] the new democracies of Poland, Hungary and Czechoslovakia. The US has [illegible] wary of relaxing controls on such high technology exports [illegible] Europe [illegible] concern [illegible] re-export to the Soviet Union but also to Middle [illegible]ern countries [illegible] as Iraq.

In a speech to the [illegible] Association, Mr [illegible] that, while the Soviet Union has a [illegible] system [illegible] business activity, the US is still [illegible] making available [illegible] technology [illegible] the deteriorating internal position. "Until the [illegible] a more predictable pattern we [illegible] simply hold the line."

A new "core" list [illegible] technologies subject to license will be published [illegible] this month, and come into operation [illegible] end of March.

[illegible] sweeping political changes in [illegible] Europe [illegible] end [illegible] 1989, the US and its partners in the 17 nation Co-ordinating Committee [illegible] Multilateral Export Controls (Cocom) have moved [illegible] cut [illegible] restrictions.

The US [illegible] already cut [illegible] previous [illegible] product categories subject [illegible] licence by [illegible] per cent, including many computers [illegible] machine [illegible]. The proposed further relaxation [illegible] expected [illegible] produce an additional reduction [illegible] 25 [illegible].

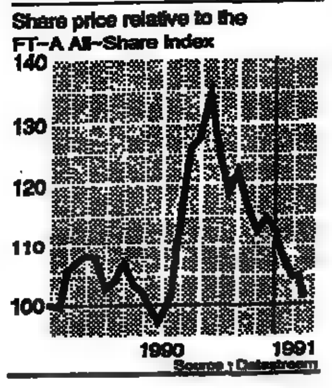
[illegible] has [illegible] controversy [illegible] the export [illegible] western technology [illegible] Iraq, [illegible] directly and indirectly. Mr [illegible] said yesterday that since [illegible] the [illegible] refused [illegible] 350 [illegible] of technologies [illegible] for Iraq. [illegible] expected [illegible] Gulf crisis [illegible] bring about greater international co-operation on [illegible] control of high technology.

THE LEX COLUMN

The onward march of wages

Yesterday's UK economic data [illegible] have [illegible] no worse than expected. They are nevertheless a reinforcement [illegible] the Bank [illegible] England's warning that the conquest of inflation [illegible] yet [illegible] taken for granted. Manufacturing employment in December sank [illegible] a new all-time low and output dropped by 2.2 per [illegible]. Despite that, manufacturing wages went up by nearly 10 per cent. The combined effect on unit wage costs, which only [illegible] were [illegible] 2 per cent a year, [illegible] an increase [illegible] 12.5 [illegible]. This may [illegible] largely an historic figure, the product [illegible] timing dif[illegible] within [illegible] cycle. But it is also an indication of the [illegible] job [illegible] ERM is designed to tackle.

Sterling's position within [illegible] system yesterday [illegible] substantially unchanged. Given [illegible] apparent willingness of [illegible] Bank of Spain to help [illegible] UK government [illegible] two days [illegible] perhaps a little disappointing. [illegible] sterling/peseta rate [illegible] now back to [illegible] before [illegible] cut. No further [illegible]tary [illegible] by the Spanish [illegible] expected in the [illegible] future, so [illegible] the [illegible] point [illegible] in UK [illegible] will take careful timing. As for [illegible] irrepressibly cheerful equity market, [illegible] yet [illegible] that [illegible] all [illegible] are [illegible] through in headline inflation, [illegible] difference [illegible] come [illegible] corporate profits.



BP

Share price relative to the FT-A All-Share Index

BP

Given [illegible] unusual volatility of oil prices and refining margins [illegible] summer, it [illegible] surprise [illegible] full-year numbers [illegible] unusually opaque. The current price outlook is equally cloudy, so [illegible] took [illegible] cue from a dividend increase just [illegible] 8 per [illegible] – hardly a [illegible] for investors, but a [illegible] that a policy of [illegible] has [illegible] survived.

[illegible] about BP's dividend cover seem overdone in [illegible] ample cashflow and its huge and partly discretionary capital expenditure. But [illegible] help of lower UK inflation, it will be tough to meet market expectations of a dividend [illegible] 6 per cent this year. Debt to equity [illegible] around [illegible] is [illegible] within the company's stated comfort range, but despite a benefit this [illegible] from the weak dollar the balance [illegible] remains a worry.

[illegible] are good value has little [illegible] with perceptions [illegible] BP [illegible] well-managed [illegible]. The oil price is the key. At 309p and [illegible] just under 7 per cent, BP's shares [illegible] *historically* cheap, particularly against [illegible] Shell, which [illegible] generally underperformed BP and the [illegible] when crude prices rise. BP management is assuming an [illegible] crude price around [illegible] barrel [illegible]. This [illegible] look high, [illegible] fair [illegible] the lower numbers favoured by some analysts. Only investors who think crude prices are going up will [illegible] buy [illegible]. [illegible] are probably holding off for now on the arguable grounds [illegible] an [illegible] Gulf war should cause a price dip.

BOC

[illegible] price prospered famously when [illegible] coming [illegible] the [illegible] recession. It [illegible] only human [illegible] a repetition [illegible] time. Hence the [illegible] per [illegible] in [illegible] group's [illegible] since [illegible] November's annual results [illegible] the further 4p rise [illegible] 540p yesterday, despite [illegible] first quarter earnings per share down by nearly a fifth thanks to the strength of sterling. Is there [illegible] more [illegible] to play for, now [illegible] shares are yielding only [illegible] per [illegible] 1991's [illegible] dividend?

Like France's Air Liquide, BOC [illegible] a favourite in hard times, [illegible] industrial gas demand tends to outstrip general [illegible] growth rates. The first quarter's [illegible] was that this still holds [illegible]. BOC's nitrogen volume remained strong in all major markets, notably Japan, and [illegible] profits overall [illegible] up 4 per [illegible] in local terms. Even BOC's [illegible] black sheep – [illegible] home health care – [illegible] breaking even, though it [illegible] be 1992 before it gets its separate New York listing. However, investors must [illegible]tisfy themselves that BOC is building long-term value as well as weathering recession. Its [illegible] of capital spending this year on the likes of its new gas plant in the Pacific suggests it is certainly trying, which helps justify the [illegible] relatively expensive rating.

BT

British Telecom's third quarter figures are final evidence [illegible] it can churn [illegible] a very attractive profit performance [illegible] at will and make a return on capital in [illegible] with corporate [illegible] at considerably [illegible]. BT has begun to show that it can offset recession-hit [illegible] with deep [illegible] cuts, a process which [illegible] much [illegible] potential. If [illegible] Trade and *Industry Secretary is* not already so minded, he should now be tempted [illegible] a hard [illegible] in [illegible] duopoly review and throw open the UK telecoms [illegible]tion. If [illegible] shareholders suffer, they [illegible] always [illegible] themselves with [illegible] benefits they will enjoy [illegible] consumers.

Crest Nicholson

[illegible] Paddy Linaker's M and G, which holds 5 per [illegible] Nicholson's equity, will no doubt [illegible] touched. [illegible] by paying a half covered dividend, the [illegible] to [illegible] taking the easy [illegible] out. Finding that extra £2.5m to pay the final is obviously [illegible] a problem, [illegible] the apparent strength of [illegible] only [illegible] part of the story. [illegible] interest payments, for example, are only [illegible] times, while distributable [illegible] the parent [illegible] will be [illegible] to little more than £7m. If gloomy pre-tax profit forecasts of just £5m for the [illegible] year [illegible] out [illegible] be right, maintaining the payout a second time would swallow [illegible] of the [illegible].

Crest's gamble is [illegible] things cannot get much worse and [illegible] tumbling interest rates will finally perk up [illegible] in [illegible] housing [illegible]. The company [illegible] that it honestly does not know [illegible] will [illegible] and warns shareholders quite clearly [illegible] to [illegible] anything for granted. The pity is that fear of not being forgiven in the City may have encouraged [illegible] less prudent [illegible]. [illegible] will [illegible] plenty [illegible] others without even that option.

EC stance is setback for Gatt hopes

Continued from [illegible] 1

about [illegible] EC's [illegible] was [illegible] yesterday by assurances from [illegible] in [illegible] had not retreated from [illegible] position [illegible] the ministerial meeting.

Diplomats [illegible] yesterday [illegible] they expected Mr Dunkel [illegible] a final [illegible] in [illegible] few days [illegible] find a [illegible] that would allow [illegible] in all the [illegible] under negotiation in the round, including services, [illegible] and intellectual property rights.

Attempts to put [illegible] Uruguay Round back on [illegible] have slowed since February 1, when senior negotiators [illegible] Geneva by Mr Dunkel agreed [illegible] a "twin track" approach [illegible] the farm issue.

Talks on technical [illegible] would resume in [illegible] multilateral forum [illegible] settle basic political differences would [illegible] pursued separately in bilateral discussions between the [illegible] and the EC or in talks among a [illegible] leading countries.

It [illegible] assumed that [illegible] agreement could [illegible] by [illegible] 1, when [illegible] President George Bush [illegible] a two-year extension of his "fast track" negotiating authority from [illegible] Congress and that congressional approval for [illegible] would [illegible] secured if Gatt's thwarted trade-liberalising [illegible] was [illegible] completed.

Postponement of Mandela trial raises concern over rule of law

By Patti Waldmeir in Johannesburg

TWO terrified prosecution witnesses in the trial [illegible] Mrs Winnie [illegible] yesterday given 20 minutes to [illegible] whether [illegible] testify against her [illegible] spending the [illegible] their lives in jail. They chose [illegible] testify.

Such a [illegible] could only have [illegible] by men [illegible] feared [illegible] their alternative [illegible] imprisonment (theoretically, they could [illegible] five-year sentences recurring indefinitely, though [illegible] would [illegible] unusual) [illegible] serious injury [illegible] hands [illegible] unknown figures who have sought [illegible] pervert justice.

Certainly, the two young men – Kenneth Kgase and Barend Thabiso [illegible] – believe they will be killed if their testimony [illegible] conviction [illegible] Mrs [illegible] charged [illegible] eight counts of kidnapping and assault. They point to the fact that a fellow witness, Mr Gabriel Pelo Mekgwe, [illegible] missing, believed kidnapped; they fear he may be dead.

Their [illegible] highlights the role [illegible] has played in [illegible] Mandela trial, which has seen one [illegible] co-accused disappear and then [illegible] on the steps [illegible] court, [illegible] Mr Mekgwe abducted in his pyjamas.

The trial was yesterday postponed [illegible] March [illegible] along [illegible] sentencing of the [illegible] witnesses. It [illegible] not only unedifying but [illegible] serious [illegible] the rule of law in what [illegible] F.W. [illegible] Klerk likes [illegible] the [illegible] Africa.

[illegible] damaged the image [illegible] African [illegible] Congress (ANC) – [illegible] thrown [illegible] weight behind [illegible] in [illegible] trial – both [illegible] abroad. And it [illegible] fuelled [illegible] fears [illegible] South Africa, with [illegible] high crime [illegible] and brutal tradition of township violence, faces a lawless future.

[illegible] one knows exactly who is responsible for [illegible] intimidation of witnesses. The [illegible] has denied it was "organisationally involved" in the disappearance [illegible] Mr Mekgwe. But the peculiar wording [illegible] this denial has invited speculation [illegible] ANC supporters, acting without [illegible] approval of the leadership, [illegible] implicated.

In [illegible] past, ANC officials have privately [illegible] that rank-and-file [illegible] (especially the so-called "young lions" of [illegible] Africa's townships) have committed [illegible] political intimidation.

The ANC's failure [illegible] control the "young lions" [illegible] already causing moderate blacks [illegible] drift away from [illegible] organisation; any further evidence that [illegible] ANC [illegible] powerless [illegible] stop intimidation cannot improve the group's image.

[illegible] ANC [illegible] in Tumahole, [illegible] Orange Free [illegible] Parys, yesterday called a press conference [illegible] be [illegible] by [illegible] Mananki [illegible]pei, [illegible] Stompei Seipei, who was found in a ditch with [illegible] throat slit.

Local officials repeatedly insisted that neither Mrs [illegible] nor her [illegible] anything [illegible] do with harming Stompie, a Tumahole boy. (A man has already [illegible] sentenced to [illegible] for [illegible] murder.) They repeatedly attempted [illegible] prevent [illegible] Seipei from saying whether [illegible] supported this view. She said only that [illegible] was "no longer angry" [illegible] Mandela, [illegible] hoped she would visit her [illegible] "clear up [illegible] matters".

If police [illegible] those who have disappeared, it seems unlikely [illegible] the [illegible] can proceed. Mrs [illegible] will have [illegible] denied the opportunity [illegible] clear her name; [illegible] will [illegible] been frustrated.

Such an [illegible] would no doubt be politically expedient. It would remove a source of conflict between the Government and [illegible] ANC. But it would not augur well for [illegible] future of justice in the new South Africa.

GM, Ford post large losses

Continued from Page 1

further [illegible] in orders in many markets. Mr Robert Stempel, GM chairman, [illegible] plunge in [illegible] confidence [illegible] in the Middle East [illegible] turmoil "resulted in a dramatic drop-off in [illegible] American vehicle demand and dealer inventories, which [illegible] sharply reduced factory salesand earnings in the fourth quarter."

[illegible] said 1991 and the [illegible] would be a time [illegible] "strategically responding [illegible] intensifying competition and rapidly changing market [illegible]ditions."

On Wall Street, where GM's problems are well known, [illegible] company's share price was up ⅛ [illegible].

Ford's price slipped ¼ [illegible] $30½.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Berlin	Sn	-4	25	Caracas	F	37	99	Faro	S	14	57	[illegible]	R	08	46
Algiers	R	7	45	Biarritz	S	4	39	Casablanca	C	14	57	Florence	S	5	41	Istanbul	S	12	54
Amsterdam	Sn	0	32	Bombay	S	30	86	Chicago	Sn	[illegible]	27	Frankfurt	F	-2	28	Jakarta	C	31	88
[illegible]	[illegible]	[illegible]	61	Bordeaux	S	2	36	Cologne	Sn	-3	27	Geneva	S	-1	30	Jersey	C	4	39
[illegible]	-	-	-	Boulogne	F	3	37	Copenhagen	Sn	-5	23	Gibraltar	S	14	57	Johannesburg	F	24	75
[illegible]	F	37	[illegible]	[illegible]	S	[illegible]	32	Corfu	C	10	50	Glasgow	F	3	37	Lima	F	26	79
[illegible]	[illegible]	8	46	Budapest	S	-2	28	Dallas	C	14	57	Helsinki	Sn	-7	19	Lisbon	[illegible]	[illegible]	50
Beirut	-	-	-	Buenos Aires	F	22	72	Dublin	[illegible]	5	41	Hong Kong	C	21	70	London	[illegible]	3	[illegible]
Belfast	R	3	37	Cairo	S	24	75	Dubrovnik	F	7	45	[illegible]	S	-1	30	Los Angeles	S	14	57
Belgrade	[illegible]	0	32	Cape Town	[illegible]	21	70	Edinburgh	F	3	37	Inverness	F	4	39	Luxembourg	F	-2	29

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	16	[illegible]	Milan	S	0	32	Nicosia	S	18	64	[illegible]	C	-2	28	Tenerife	C	18	64
Madrid	S	6	43	Montreal	Sn	-6	21	Oporto	S	10	50	San [illegible]	[illegible]	9	48	Tokyo	S	12	54
Majorca	F	11	52	Moscow	S	[illegible]	23	Oslo	[illegible]	-6	[illegible]	Seoul	[illegible]	[illegible]	50	Toronto	[illegible]	-3	27
Malaga	S	13	55	Munich	Sn	-4	25	Paris	F	1	34	Singapore	F	32	90	Tunis	R	9	48
Malta	[illegible]	[illegible]	[illegible]	Nairobi	-	-	-	Peking	C	5	41	Stockholm	[illegible]	-5	23	Valencia	F	11	52
Manchester	S	[illegible]	36	Naples	C	[illegible]	46	Prague	Sn	-7	[illegible]	Strasbourg	[illegible]	[illegible]	27	Venice	S	3	37
Manila	[illegible]	32	90	Nassau	F	25	77	Reykjavik	F	7	45	Sydney	[illegible]	39	102	Vienna	F	0	32
[illegible]	C	19	66	New Delhi	S	21	70	Rhodes	F	15	59	Taipei	C	19	66	Warsaw	Sn	-4	25
Mexico City	[illegible]	26	79	New York	[illegible]	8	46	Rio de Janeiro	F	34	94	Tangier	[illegible]	14	57	Washington	[illegible]	9	48
Miami	S	18	64	Nice	F	[illegible]	45	Rome	[illegible]	7	45	Tel Aviv	-	-	-	Zurich	S	-3	27

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog [illegible] R – Rain S – Sunny [illegible] Sn – Snow T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
• THE FINANCIAL TIMES LIMITED 1991 — Friday February 15 1991

INSIDE

Campbell Soup ahead by 29% [illegible] $135m

[illegible] big jump in profits from international operations has [illegible] second-quarter earnings [illegible] Campbell Soup, the US [illegible] group. The company yesterday announced a 29 per [illegible] rise from $105.2m [illegible] up modestly from $1.72bn to $1.77bn. Goldman Sachs [illegible] it a "surprisingly strong quarter which clearly demonstrates the company has turned around". Page 22

Losses for Wallenberg

Investor and Providentia, [illegible] main [illegible]ment companies used by [illegible] Wallenberg family to control their [illegible] Swedish industrial empire, yesterday reported [illegible] almost SKr1.7bn ($311m) for [illegible]. The [illegible] primarily blamed on [illegible] costly SKr4bn effort [illegible] block a greenmail raid [illegible] Scania, a [illegible] Wallenberg company, by [illegible]ish financier Sven-Olof Johansson [illegible]. Page 20

Fletcher Challenge drops 17%

Fletcher Challenge, the diversified [illegible] conglomerate, saw [illegible] 17.7 per [illegible] drop in operating earnings [illegible] in the six months to December 31, largely [illegible] a tougher climate in Canada, [illegible] and [illegible] Zealand. However, after extraordinary items, [illegible] earnings emerged at NZ$376.3m, [illegible] of 9.4 [illegible]. Page 23

Crest Nicholson holds payout

Crest Nicholson, the housebuilder and commercial property developer, is to maintain [illegible] final d[illegible] but must dig into reserves to do so. A proposed final dividend of [illegible] the total to [illegible] maintained 7.65p for the year [illegible] end-October. Pre-tax profits fell by [illegible] than three quarters from £37.12m [illegible] £8.06m ($16m) [illegible] earnings [illegible] share dived to 3.86p from 28.71p a year ago. Andrew Taylor [illegible]. Page 26

Chiquita proposes investment

Chiquita Brands, the world's largest exporter of bananas, is proposing to invest $100m in Panama if the government abolishes [illegible] export tax and liberalises the country's labour laws. The move comes amid an [illegible] in world banana demand, particularly in [illegible] Europe [illegible] sales are likely to increase by 40m boxes a year – [illegible] equivalent [illegible] Panama's entire 1990 production. [illegible] 26

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Aachen Mch	730	+	10	Dollfus Mieg	352.5	+	19.3
Falls				Geophysique	595	+	20
Allianz Hld	492	–	8	Merlin-Gerin	520	+	20.5
Didier-Werke	166	–	8.5	Skis Rossignol	650	+	30
[illegible]	685	–	16	Spie Batignolles	513	+	33.1
[illegible]	700	–	15	Vallourec	240	+	12
Springer Axel	680	–	12	TOKYO (Yen)			
NEW YORK ($)				Rises			
Rises				Ichikoh Inds	655	+	100
Addington Res.	13	+	1½	Japan Steel	670	+	100
[illegible]	48	+	⅝	Wakachiku Cons	1300	+	200
[illegible]	105⅛	+	⅛	Falls			
[illegible] Corp.	12⅝	+	⅝	[illegible]	2170	–	190
[illegible]	27½	+	2	Tokai Alka	1140	–	90
Falls				Wakamoto Pharm	1100	–	90
[illegible]	46½	–	4⅛				

LONDON (Pence)							
Rises				Reuters	774	+	28
[illegible]	39	+	8	Siebe	346	+	25
[illegible]	52	+	4	Simon Eng.	323	+	19
[illegible] Intl.	223	+	13	Thorn EMI	673	+	28
Capital Radio	152	+	9	Falls			
[illegible]	215	+	30	Eurocopy	95	–	59
[illegible]	227	+	10	Goodhead	29	–	6
[illegible]	510	+	22	Low (Wm.)	307	–	15
[illegible]	53	+	9	NSM	21	–	11
Ladbroke	249	+	13	Photo-Me Intl.	230	–	10
P & P	80	+	18				
[illegible]	63	+	10				

Gulf conflict deflates 1990 profits at BP

By Deborah Hargreaves in London

BRITISH PETROLEUM said yesterday it could see a substantial stock loss in the first q[illegible] of this year as a result of the record drop in oil prices after the [illegible] of [illegible] Gulf [illegible].

But Mr Bob Horton, the chairman, forecast a stronger oil price later in the year once the current stock overhang in the market is worked off.

The company yesterday reported a 32 per cent rise in its net income for the final quarter of last year to £456m ($902m) from £345m in the same 1989 period, on a replacement cost basis which eliminates stock gains and losses. But for the full year, BP indicated that profits declined by 12 per cent to £1.2bn compared with £1.36bn in 1989.

BP has used the current oil price, which is at $20 a barrel, to value its stocks for the whole of last year – even though prices were often much higher – which analysts [illegible] has depressed overall earnings by [illegible].

Mr Horton said that he felt BP's short-term assumption of an oil price [illegible] current [illegible] was slightly [illegible] on aver[illegible] for [illegible] and [illegible] expected prices to strengthen.

[illegible] sur-prises to [illegible] City but despite news [illegible] in [illegible] full year's dividend to 16.05 pence from a corresponding 14.9 pence, the share price finished trading 1p lower at 309p.

Analysts expressed [illegible] concern [illegible] group's performance on refining [illegible] US [illegible] fourth quarter [illegible] refining [illegible] to £115m [illegible] buoyant level [illegible] in [illegible] third quarter. This [illegible] been caused by [illegible] company's difficulty [illegible] huge [illegible] in crude [illegible] prices [illegible].

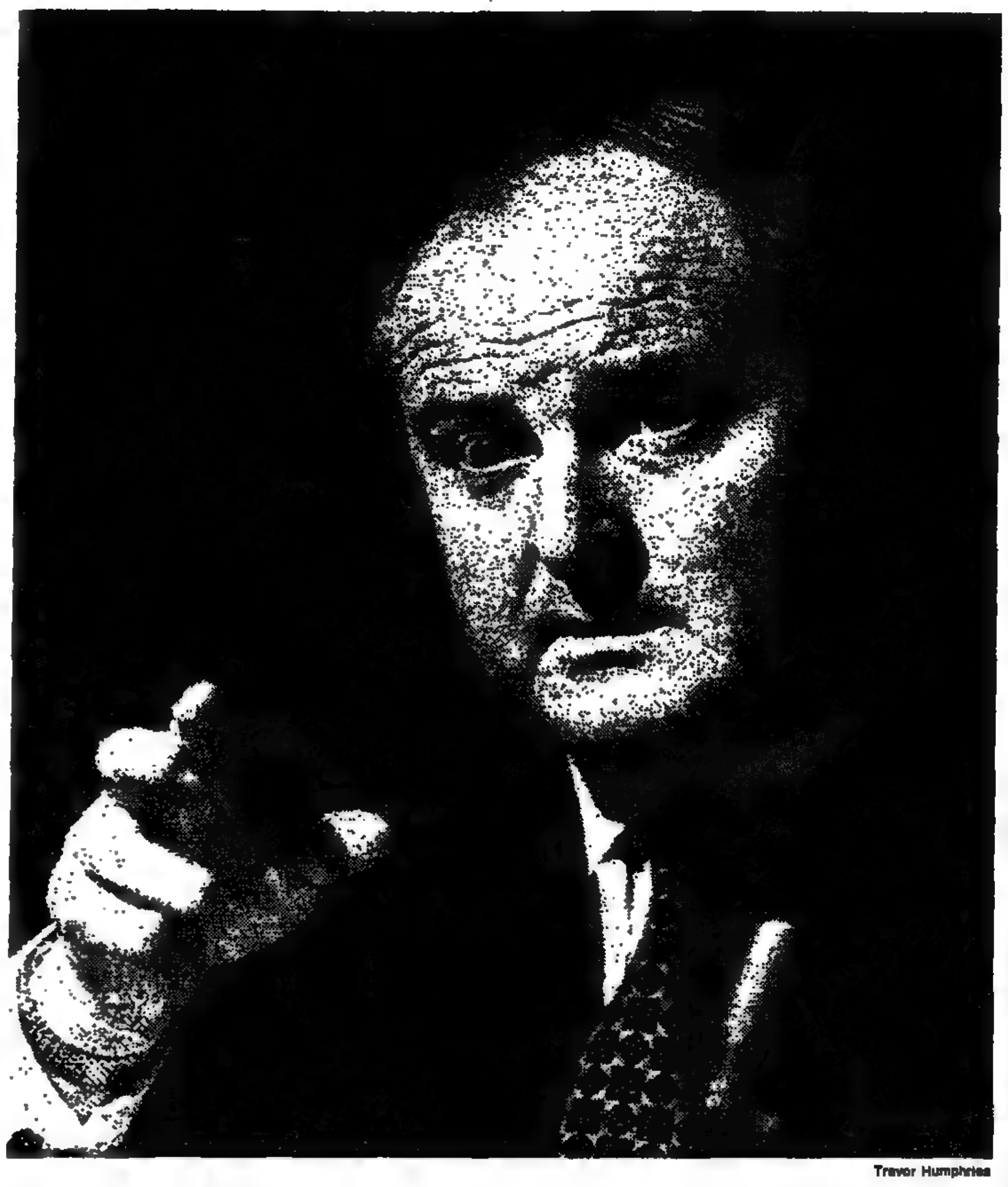
At [illegible] time, [illegible] BP's [illegible] was severely depressed – [illegible] in [illegible] quarter compared [illegible] £87m [illegible] quarter [illegible] a drop [illegible] compared [illegible] profit of [illegible] full year.

This [illegible] effects of [illegible] on [illegible] as [illegible] problems with temporary plant [illegible] the [illegible] in [illegible] as a [illegible] of the Gulf [illegible].

[illegible] historical [illegible] basis, [illegible] gains [illegible] losses, BP's full-year [illegible] was [illegible] by [illegible] to £1.67bn [illegible] level [illegible] £1.74bn.

The company said that if prices were maintained at their current levels, the loss made on stocks in the first quarter could equal the stock profit at the end of last year.

That would be a loss of nearly £500m which has led analysts to forecast flat profits for the company this year of close to £1.2bn.
Lex, Page 18



Trevor Humphries

Bob Horton of BP: he foresees a stronger oil price once the stock overhang is worked off

AmBase insurer sold for $935m

By John Burton in Stockholm

AN international consortium of investors led by Trygg-Hansa SPP, Sweden's largest insurance company, yesterday acquired Home Insurance, [illegible] big US non-life insurer, from AmBase Corporation in a $935m deal.

The agreement follows a preliminary bid in October [illegible] the consortium for New [illegible] Home Insurance, which ranks 22nd among US insurance companies in terms of premiums written, and [illegible] sixth largest in the US industrial insurance market.

After the bid, Trygg-Hansa SPP built [illegible] Home Insurance shareholding from 33 to 60 per cent. Its Finnish partner, Industrial Mutual Insurance, holds another 20 per cent. The remaining stakes will be held by US-based International Insurance Investors, with a 10 per cent share, and a number of financial investors, including Vik Brothers, a European investment group.

"During [illegible] negotiations, our appetite for Home Insurance [illegible] and the [illegible] consortium partners were willing [illegible] their [illegible] due to the tougher financial climate in [illegible] US," [illegible] Mr Anders [illegible], a Trygg-Hansa SPP executive vice-president.

The acquisition of Home Insurance [illegible] big [illegible] by Trygg-Hansa SPP into [illegible] inter[illegible]onal direct insurance mar[illegible], although it operates several [illegible] and marine insurance subsidiaries in North America and Europe.

[illegible] and SPP [illegible] in November [illegible] their capital base [illegible] international expan[illegible]. The [illegible] of Home Insurance [illegible] Trygg-Hansa SPP's premium income from SKr22bn [illegible] SKr35bn. Mr Bjorn [illegible], president, said: "The purchase has been thoroughly prepared and we have examined Home Insurance [illegible] closely.

"But I want to emphasise that this deal contains risks since Home Insurance makes [illegible] the income that we do from non-life insurance operations and [illegible] have been only a [illegible] insurer until now."

AmBase had [illegible] sell Home Insurance, which posted operat[illegible] profit [illegible] for the [illegible] nine months of 1990, [illegible] to mounting financial problems. The deal will be financed through a loan [illegible], stockholders' equity [illegible], and assumed [illegible] and liabilities.

News Corp increases 34% to A$183m

By Kevin Brown in Sydney

NEWS CORPORATION, Mr Rupert M[illegible] media group, yesterday announced [illegible] per cent [illegible] in net profits to A$183m (U[illegible]) for the six months [illegible] end of December 1990. Turnover [illegible] up 40 per [illegible] at A$5.7bn.

The result [illegible] in line [illegible] Australian analysts' expectations, and the shares [illegible] cents higher on the Australian [illegible] Exchange [illegible] A$7.26, nearly [illegible] month.

However, the increase [illegible] largely attributable to a [illegible] gain on foreign exchange [illegible] tions and the exclusion of two months' losses from BSkyB, N[illegible] Corp's UK satellite joint venture. [illegible] Corp said [illegible] from the [illegible] excluded from early November, [illegible] the group's Sky service merged with the rival British Satellite Broadcasting. Analysts said this probably [illegible] a further [illegible] net profits.

[illegible] overall result [illegible] substantially [illegible] last year's first [illegible], but [illegible] the improvement might [illegible] sus[illegible] without an economic recovery in the US, Australia and [illegible] UK, its [illegible] operating areas.

[illegible] Corp said [illegible] net profits rose to [illegible] including abnormal profits of A$74m, reflecting its [illegible] of [illegible] ing [illegible] Reuters, the [illegible] and [illegible] smaller [illegible].

Analysts said the result confirmed that News Corp will be unable to meet its debt repayment requirements without selling assets [illegible] A$2bn.

The group faces higher interest [illegible] a [illegible] restructuring deal that it formally signed with its banks [illegible] Tuesday.

"[illegible] doesn't look that wonderful," [illegible] Ms Jolanta Masojada, an analyst with Macquarie Bank [illegible] News Corp. However, the [illegible] interest rates fall this [illegible] forecast, she [illegible].

News Corp said operating profits in the [illegible] 70 per [illegible] A$571m, reflecting [illegible] inclusion of the Harper Collins book publishing [illegible] July, [illegible] substantially improved profits [illegible] the [illegible] television network [illegible] Twentieth Century Fox Film Corpor[illegible]tion.

[illegible] main [illegible] likely [illegible] come [illegible] Home Alone, the comedy film produced by [illegible] Century [illegible]. It had [illegible] US$205m at the box office up to [illegible] beginning of this month.

Operating profits in Australia and [illegible] were down 18 [illegible] A$186m, largely because of subdued economic activity in [illegible]. [illegible] Corp has merged some [illegible] and [illegible] advertising rates, [illegible] the outlook [illegible] to be subdued.

In the UK, News Corp's operating profits dropped 51 per cent to A$36m, in spite of a 52 per [illegible] increase in its revenue to A$1.2bn.

The group said continued industry-wide declines in advertising revenue affected [illegible] results, although operating profits for the Sun and th[illegible] of [illegible] World, the UK's [illegible] selling daily [illegible] Sunday [illegible] only marginally lower.

The Times and [illegible] Sunday Times, which [illegible] depen[illegible] on advertising revenue, suffered bigger [illegible] in profitability, the group [illegible].

[illegible] Corp [illegible] delayed [illegible] on the interim [illegible] until [illegible] a [illegible] ing in March which will [illegible] on plans [illegible] a dividend investment and bonus share scheme announced [illegible] this month.

Norsk Hydro up slightly to end year at NKr2.9bn

By Karen Fossli in [illegible]

NORSK HYDRO, Norway's largest publicly-quoted [illegible] yesterday announced [illegible] in [illegible] profits to NKr2.9bn ($510m) for [illegible] from a corresponding NKr2.7bn. The improvement reflected high crude oil prices, although this [illegible] partly [illegible] by [illegible] weakness against the krone.

Hydro said [illegible] NKr340m decline in financial costs, [illegible] with a NKr37m gain, [illegible] improved the year's result. Group operating revenue fell NKr5.4bn to NKr61bn due [illegible] drop in operating [illegible] in all [illegible] the group's four [illegible] as well as partial [illegible] in Dyno Industrier, the Norwegian chemicals and explosives company.

The board, however, is proposing to increase its dividend to NKr4.25 a share compared with NKr4 in 1989.

Group operating income fell by NKr250m to NKr6.75bn, despite a NKr499m improvement in fourth-quarter operating income by the four divisions, to NKr2.1bn.

Hydro has reduced to 41 per cent its stake in Dyno Industrier, which had earlier been consolidated in its accounts. In 1989, Dyno contributed NKr434m to the operating income for the agriculture division and NKr6.2bn to operating revenue. Hydro's share of Dyno's result is now included in equity in net income of consolidated investee companies.

Fourth-quarter operating revenue dipped to NKr16.6bn from NKr17.3bn in 1989. One division, oil and gas, rose NKr402m. Hydro said the realised and unrealised effects of foreign exchange movements in 1990 resulted in a gain of NKr192m, compared with a loss of NKr377m in 1989.

On [illegible] breakdown, agriculture was down slightly with operating income of NKr1.29bn [illegible] in 1989. In the [illegible] quarter, the figure was [illegible] NKr572m. Hydro attributed the improvement to cost reductions and said it reflected a better balance in fertiliser markets which [illegible] rising prices for products.

[illegible] oil and [illegible] division, [illegible] group's [illegible] performer, [illegible] operating income by NKr874m to NKr3.3bn, despite a decline in production [illegible] the troubled North Sea Gullfaks oil [illegible] the Frigg gas field.

The light metals division saw operating [illegible] in 1990 [illegible] by NKr1.06bn to NKr1.28bn [illegible] of weak prices for aluminium and magnesium. Operating in[illegible] from petrochemicals fell to [illegible] from NKr1.02bn.

LVMH earnings advance 15%

By George Graham in Paris

LVMH, the French drinks and luxury goods group, expects to report a 15 per cent profits increase for 1990, taking net earnings above FFr3.3bn ($666m).

The group said comprehensive hedging of its foreign exchange exposures had enabled it to offset the effect of the decline in the dollar, the yen and the pound, the three main currencies which affect its fortunes.

Had it not been for the drop in these currencies, net earnings would have shown an increase of about 40 per cent, LVMH claimed, despite an [illegible] of only 1 per cent in group sales to FFr19.8bn.

These weak sales figures are expected to be reflected throughout the French luxury goods sector, which is 75 per cent dependent on foreign [illegible] and heavily exposed [illegible] per cent [illegible] in [illegible]. Mr [illegible] Blanckaert, director of the [illegible] tee, which groups into one lobby, the leading jewellery, perfume, and haute couture houses of Paris, has forecast stagnation for most of the sector.

LVMH said its sales would have risen by 11.5 per cent if exchange rates had remained stable last year, but the dollar slipped by 14 per cent against the French franc and the yen by 18 per cent. The pound – in which the group's earnings from its 24 per cent stake in Guinness, the UK drinks group, are denominated – also fell 7 per cent.

Sales remained flat at FFr5.15bn in the champagne and wine sector, where LVMH is market leader with brands such as Möet et Chandon, Veuve Clicquot and Pommery, recently acquired [illegible] BSN for FFr4.1bn. The [illegible] division, including the Hennessy brand, also saw [illegible] stagnate at FFr5.07bn.

The luggage and leather goods division, including the troubled Louis Vuitton company, recorded a 5 per cent drop in sales to FFr4.45bn. Only the perfume and beauty products division, including Christian Dior perfumes, saw sales increase, with a 4 per cent advance to FFr4.65bn.

Despite the weakness of the yen and of the dollar, the Far East remained strong, accounting for 35 per cent of group sales last year. In yen terms, sales in Japan advanced by 34 per cent.

Wallenbergs in loss after SKr4bn move to block raid

By John Burton in Stockholm

INVESTOR and Providentia, the [illegible] main investment companies used by the Wallenberg family [illegible] control their extensive Swedish industrial empire, yesterday reported [illegible] combined [illegible] of almost SKr1.7bn [illegible] for [illegible].

The [illegible] was blamed on [illegible] SKr4bn effort to block a green[illegible] raid on Saab-Scania, a key Wallenberg company, by Swedish financier Mr Sven-Olof [illegible] [illegible] year.

Despite [illegible] loss, the two investment companies proposed higher [illegible] payments, [illegible] Investor raising [illegible] dividend per [illegible] to SKr4.30 from [illegible] and Providentia to SKr4.15 from SKr3.30.

Investor's [illegible] amounted [illegible] SKr1bn, compared with [illegible] profit [illegible] SKr471m in [illegible], [illegible] deficit at Providentia [illegible] SKr665m compared with [illegible] profit of [illegible] a [illegible].

[illegible] harmed by falling share prices on the Stockholm [illegible] year, [illegible] this century. The value of shareholdings held by Investor was cut by [illegible] per [illegible] to SKr15.9bn, [illegible] by Providentia [illegible] by [illegible] per [illegible] to SKr11.5bn.

Alan Harper

Peter Wallenberg: 'We will [illegible] to sell [illegible] companies'

The poor [illegible] market conditions [illegible] to [illegible] companies' [illegible] since they make their profit from share [illegible] rather than dividend income, which they [illegible] redistribute [illegible] their shareholders [illegible] status.

The Wallenberg family, headed by Mr Peter Wallenberg, has about 30 per cent of [illegible] capital in [illegible] companies. Investor [illegible] Providentia increased their short-term debt burden to SKr14.3bn from SKr3.8bn in 1989 [illegible] eject Mr Johansson from [illegible] their shareholdings in other companies.

But they [illegible] been [illegible] other stakes, including their [illegible] in Alfa-Laval, the [illegible] processing equipment maker, [illegible] Tetra [illegible] liquid packaging [illegible], [illegible] finance [illegible] payments.

"We will come [illegible] more companies although [illegible] plan [illegible] buy [illegible] others," Mr Wallenberg said [illegible].

Strong sterling knocks BOC results down £10m to £71m

By Clare Pearson in London

FIRST-quarter [illegible] announced yesterday showed [illegible] the industrial gases [illegible] health [illegible] group had [illegible] hit hard by sterling's exchange-[illegible] strength.

[illegible] currency [illegible] the company £10m ($20m), accounting for [illegible] whole [illegible] a £10m [illegible] in pre-tax profits from £81.5m to £71.4m during the three months [illegible] end-December [illegible].

By contrast, translations at constant [illegible] of exchange would have resulted in a 5 per [illegible] rise in operating profits during the period, the company said.

Yesterday, the [illegible] rose 4p to [illegible] at [illegible] in London.

The reported group operating profit [illegible] £89.4m, compared [illegible] last time. Mr Richard Giordano, chairman, had warned shareholders [illegible] the adverse [illegible] of [illegible] cies [illegible] BOC's annual meeting [illegible] month.

Yesterday, Mr Giordano stressed [illegible] in real terms the group's businesses had managed [illegible] despite [illegible] trading conditions around [illegible] world.

[illegible] average exchange rates, the value [illegible] US and Australian dollar were [illegible] per cent less favourable compared with the same period last time and the yen 12 per cent down.

But the company said [illegible] adverse effect of currencies was exacerbated by the fact [illegible] it [illegible] done [illegible] hedging in [illegible] comparable period.

[illegible] a higher interest charge in [illegible] first quarter [illegible] it [illegible] borrowings [illegible] buy [illegible] the minority shareholders in [illegible] Australian subsidiary.

The charge [illegible] to [illegible] compared with £15.8m [illegible] time.

Group turnover fell to £649.9m, compared with [illegible] time.

After a tax charge of 34 [illegible] cent, up from 29 per cent, earnings per share fell [illegible] 9.29p [illegible] pared with 11.31p last time.

The higher tax charge, which resulted partly from [illegible] higher Australian component in profits, in local currency terms, [illegible] expected to [illegible] for [illegible] as a whole.

Lex, [illegible] 18

Cir to post sharp cut in profits after Cerus loss

By Haig Simonian in Milan

CIR, the diversified holding company controlled by [illegible] De [illegible], will report a deep cut in group net profits [illegible].

The fall, from group net earnings of L181.4bn ($166m) [illegible] primarily [illegible] of the loss taken by Cerus, Mr De Benedetti's French holding company, [illegible] in Société [illegible].

That [illegible] resulted in [illegible] about FFr1.2bn [illegible] for [illegible] will be [illegible] including financing [illegible] and [illegible] on [illegible].

Cir [illegible] of the [illegible] in [illegible] would [illegible] to [illegible] from about [illegible], excluding [illegible] bond [illegible].

Mr [illegible] 1990 [illegible] Olivetti, the computer and [illegible] equipment [illegible] by Cir, will [illegible].

Also, meetings [illegible] place [illegible] representatives of [illegible] and Mr [illegible] Berlusconi, [illegible] Italian [illegible] magnate, about Mondadori, the [illegible] publishing [illegible].

Negotiations [illegible] at [illegible] De [illegible] and Mr [illegible]coni. But Cir says it is going [illegible] appeal against a Rome [illegible] giving Mr [illegible] the advantage.

Rise at BNL 'answers critics'

By John [illegible] in Rome

[illegible] NAZIONALE [illegible] Lavoro, Italy's largest state-owned bank, yesterday reported [illegible] 46 per [illegible] in provisional gross profits, [illegible] special provisions, [illegible] L720bn ($658m) in [illegible].

Total [illegible] rose 7.6 per [illegible] L88,668bn and loans by [illegible] L38,798bn. Mr Giampiero Cantoni, president, said [illegible] that BNL had the will and capacity [illegible] renew itself and were an answer to its detractors.

Recession hurts British Telecom

By Jane Fuller in London

BRITISH TELECOM, the biggest UK telecommunications operator, has lifted third-quarter pre-tax profits by [illegible] per cent to £787m ($1.6bn) from £695m.

But the deepening UK recession took its toll, and revenues [illegible] international [illegible] fell for [illegible] first [illegible] since records started more than 20 [illegible].

[illegible] higher third-quarter profits were [illegible] partly through [illegible] £39m fall in [illegible] bill to [illegible]. [illegible] the [illegible] nine months [illegible] 1990-91, [illegible] profit was [illegible] against £2.01bn, [illegible] rise of [illegible] cent.

[illegible] figures benefited from continued cost-cutting. A further 5,100 UK jobs [illegible] in the third quarter on top of [illegible] in the previous six months, leaving [illegible] total workforce of 234,500 [illegible] the [illegible] of [illegible].

[illegible] in [illegible] in [illegible] three months [illegible] 31, [illegible] small, to £447m from [illegible]. It follows [illegible] cut [illegible] price of international [illegible] September [illegible] BT [illegible] wiped [illegible] volume growth.

[illegible] Oftel, [illegible] industry regulator, proposing [illegible] price of these calls, BT says its "self-imposed caps" led [illegible] a fall [illegible] prices [illegible] 11 [illegible] cent last [illegible].

Pricing [illegible] arising [illegible] government's review of [illegible] duopoly [illegible] with Mercury Communications. BT [illegible] it will welcome more competition, but is concerned that [illegible] rivals will go for [illegible] with the highest margins.

[illegible] John Doherty, investor relations manager, [illegible] calls [illegible] line rental charges by £2bn [illegible] year. "The standing charge [illegible] on bills [illegible] horrendously loss-making," he said. BT wanted to be allowed more freedom [illegible] charges.

Price increases [illegible] being concentrated on lossmaking services. Quarterly income from line rental rose by nearly 17 per cent [illegible] from [illegible].

[illegible] growth, running [illegible] 8.8 [illegible] cent in the [illegible] half, slowed to [illegible] than 6.5 per cent, making [illegible] against £3.08bn for the quarter. Operating profit increased at a similar [illegible] from £827m, compared with [illegible] interim improvement [illegible] 14.3 per [illegible].

[illegible] from inland calls increased by 5.7 per [illegible] to £1.29bn from [illegible]. But volume increased by [illegible] than [illegible] per cent during the quarter.

Earnings per share [illegible] 8.5p against 7.6p, giving [illegible] nine-month total [illegible] 25p compared with 21.7p.

Mr Doherty [illegible] bottom-line performance [illegible] good, bearing [illegible] mind the slackening growth. [illegible] reflected tight financial control.

The [illegible] price on the [illegible]tional [illegible] Exchange in London gained 5p [illegible] close at 300p.

Lex, Page 18

Restructure holds back Poulenc

[illegible] Rorer, [illegible] pharmaceuticals company Formed [illegible] July when the [illegible] chemicals [illegible] of the [illegible] drug producer, [illegible] profit after heavy restructuring [illegible] in 1990, [illegible] William [illegible] Paris.

The group reported more [illegible] doubled [illegible] of [illegible] for [illegible] year, against the $1.2bn recorded by Rorer in [illegible] before [illegible] French takeover. [illegible] comparable rise [illegible] was 19 per cent, or [illegible] per cent if [illegible] impact [illegible] currency changes [illegible] stripped out.

[illegible] collapsed [illegible] to $1m, [illegible] restructuring [illegible] gain [illegible] non-strategic assets.

"We are already [illegible] expected [illegible] achieved [illegible] objec[illegible] of breaking [illegible] 1990," [illegible] Mr Robert Cawthorne, [illegible] chairman.

Fully-diluted earnings [illegible] collapsed from [illegible] in [illegible] to [illegible] mere [illegible] cents last year, although [illegible] increasing its dividend by [illegible] cents to [illegible] cents [illegible] share. The number of [illegible] in issue [illegible] the [illegible] period, from 43.9m [illegible].

Sales in the final three [illegible] the [illegible] period [illegible] year, but they represented [illegible] significant slowdown [illegible] previous quarter.

Italian sports company buys ski manufacturer

By Haig Simonian

NORDICA Sportsystem, the expanding Italian sports [illegible] ski boots, has bought Kästle, [illegible] Austrian [illegible] manufacturer, in a further [illegible] of the troubled [illegible] equipment business.

Nordica, [illegible] is [illegible] Edizione Holding, the ultimate holding company of Italy's Benetton family, did not reveal the value of the transaction. However, it said that Kästle, which produced 280,000 pairs [illegible] some L40bn ($36.5m) last year, was [illegible] world's [illegible] biggest ski maker.

Based in Austria, Kästle is a subsidiary of Fischer, another [illegible] Austrian ski [illegible].

[illegible] Fischer's decision [illegible] sell [illegible] disclosed. However, analysts suggested [illegible] Fischer, which is the world's fifth biggest [illegible] maker, [illegible] have [illegible] to concentrate on its [illegible] brand.

Business links between Kästle [illegible] Nordica, which has been in [illegible] acquire [illegible] manufacturer for [illegible] time, [illegible] been strengthening following Nordica's agreement three years [illegible] to distribute [illegible] in Japan.

Nordica itself exports 65 per cent of its production to Japan and the US, and expects to report a 10 per cent rise in sales to L300bn for 1990.

Den Danske Bank slides into Kr1.17bn deficit

DEN [illegible] Bank, [illegible] last year through [illegible] of [illegible] Bank, Copenhagen [illegible] and Provinsbanken, slid into [illegible] red in 1990 following [illegible] doubling of the group's [illegible] loss provisions, [illegible] Hilary [illegible] in Copenhagen.

The bank, [illegible] total [illegible] up by Kr1.6bn to Kr388.9bn ($69bn), made [illegible] loss of Kr1.17bn compared with a profit of [illegible] in 1989.

An unchanged 16 [illegible] dividend [illegible] proposed and, despite the loss, the solvency ratio according [illegible] the new [illegible] rules [illegible] 11.5 per cent, well [illegible] the 10 per [illegible] minimum [illegible] by the [illegible] authorities.

Operating profit [illegible] Kr4.1bn to Kr4.25bn.

Securities sales boost Bergesen

BERGESEN, [illegible] leading shipowner and operator, almost doubled profits [illegible] record NKr925m ($163m) from NKr562m in 1989, writes Karen Fossli.

The increase [illegible] due mainly [illegible] financial [illegible] of NKr433m, [illegible] which NKr424m [illegible] profit on [illegible] securities. However, Bergesen warned that the operating profit could [illegible] in 1991 and [illegible] expect [illegible] profits on shareholdings [illegible].

Group operating [illegible] increased by NKr108m to NKr2.446bn, while operating profit, before depreciation costs, [illegible] by NKr124m to [illegible].

Shipping operations [illegible] profit, [illegible] depreciation, of NKr921m, a [illegible] NKr155m.

Bergesen said [illegible] in [illegible] the value of [illegible] by NKr2.03bn [illegible] NKr7.19bn, mainly [illegible] 30 per cent fall in [illegible] of tankers [illegible] dry [illegible] vessels, while there [illegible] little change in the value [illegible] carriers of liquefied petroleum gas (LPG).

The Gulf [illegible] had [illegible] little effect on shipping traffic, according to [illegible] company. However, it warned [illegible] fluctu[illegible] in [illegible] prices and war risk premiums would affect earnings.

هكذا من الأصل

INTERNATIONAL COMPANIES AND FINANCE

CBS cuts annual dividend by 77%

By Alan Friedman in New York

CBS, the US media group controlled by the Tisch family, said it would cut its annual dividend by 77 per cent, from $1.10 [redacted] 25 cents.

The announcement came as CBS revealed [redacted] $156m [redacted] for [redacted] fourth quarter of [redacted] and [redacted] 63 per cent fall in net income for the whole of [redacted] to $110.8m.

Mr Lawrence Tisch, [redacted] CBS chairman whose Loews Corporation [redacted] cent of [redacted] company, also forecast an operating [redacted] CBS in 1991.

The Loews Corporation, 27.4 per cent [redacted] Tisch family, [redacted] a [redacted] per cent drop [redacted] net income for [redacted] fourth quarter of [redacted] to $116.8m. Exclusive [redacted] securi[redacted] dealings the fourth quar[redacted] dropped by 14.5 [redacted] cent, [redacted] $173.3m.

Loews, which has [redacted] in insurance, media, shipping, watches and other businesses, [redacted] an 11.3 per cent drop [redacted] net income, [redacted] $804.7m. Full year [redacted] compared with $11.4bn in [redacted]

Compounding [redacted] difficult day [redacted] was the news from CBS yesterday that Mr Tom [redacted] producer [redacted] the network's flagship [redacted] Evening [redacted] programme, had been replaced "effective immediately". The [redacted] news show *has* been eclipsed by [redacted] networks in the [redacted] of [redacted] Gulf war.

Mr Tisch attributed [redacted] dividend [redacted] to the need [redacted] preserve [redacted] in the [redacted] of [redacted] $2bn share buyback of nearly [redacted] the outstanding stock in [redacted] said the share repurchase – estimated *to* have [redacted] nearly $500m for [redacted] family holdings – had [redacted] the company *to suffer* [redacted] "lower level of ongoing earnings from interest income".

The CBS fourth-quarter defi[redacted] caused partly by [redacted] $55m [redacted] loss relating [redacted] its baseball broadcasts and [redacted] provision for future [redacted]

Mr [redacted] stepped in [redacted] take over as CBS [redacted] last October [redacted] William Paley, the founder, died, was [redacted] about the network's prospects. He said [redacted] unit prices for advertising affected [redacted] network and the growth [redacted] both [redacted] and "a fourth [redacted]" had put [redacted] pressure [redacted] pricing.

The new CBS chairman [redacted] *the Gulf war* [redacted] US [redacted] are "suppressing the company's [redacted] and earnings". He [redacted] many advertisers [redacted] to run their commer[redacted] during special news cov[redacted] the war, while the costs of covering [redacted] had risen.

[redacted] the whole of 1990 CBS's [redacted] rose by 10 [redacted] $3.26bn. The company [redacted] an operating pre-tax 1990 loss [redacted] $49.8m, compared with [redacted] profit in [redacted] It [redacted] only due [redacted] interest income that [redacted] was [redacted] stay out of [redacted] red for the whole of 1990.

Loews, meanwhile, [redacted] *a sharp drop* [redacted] *1990* net income - from $475m to [redacted] - in [redacted] property and *casualty insurance division.*

Flood of red ink confirms Detriot's dire straits

By [redacted] Friedman in New York [redacted] Kevin Done in London

YESTERDAY'S flood [redacted] red ink from Detroit was not [redacted] much [redacted] surprise as a confirmation of the dire [redacted] the US motor vehicles industry.

While Chrysler, the [redacted] carmaker, managed [redacted] net profit for the final quarter of 1990, General Motors, the market [redacted], suffered [redacted] fourth-quarter [redacted] $1.6bn, compared with [redacted] fourth-quarter profit of $700m. Ford disclosed a $519m quarterly deficit, against a [redacted] net profit in 1989.

During the fourth quarter [redacted] 1990, *GM's* sales totalled [redacted] by 4.7 [redacted] year-on-year. Worldwide factory [redacted] GM [redacted] totalled 1.7m units, a [redacted] decrease [redacted] period. North American unit [redacted] 17 per [redacted] lower.

Ford's fourth-quarter [redacted] unchanged [redacted] $24.2bn, while automotive sales [redacted] 1.4m units, down by 116,000.

[redacted] said its North American auto operations were in loss in 1990, reflecting the impact of lower sales, a product mix that moved toward lower-priced models, intense competition, and the special third-quarter $2.1bn restructuring charge. [redacted] US [redacted] market [redacted] marginally to [redacted] cent from [redacted] cent in [redacted]

In the [redacted] alone, [redacted] group made a net [redacted] for the year [redacted] of $4.57bn, including the restructuring charge.

Outside the US market, GM earned $2.4bn, with [redacted] Europe achieving record financial results despite losses [redacted] joint venture [redacted] Saab. Severe economic conditions in Brazil significantly reduced net income in [redacted] America.

While [redacted] vehicles business suffered, [redacted] main [redacted] – General Motors Acceptance Corporation (GMAC), Electronic Data Systems (EDS) and GM Hughes Electronics Corporation (GMHE) reported substantial 1990 profits.

GMAC earned $1.2bn, up from $1.1bn in 1989. EDS reported record 1990 earnings [redacted] $497m, up from $435m. GMHE earned $726m, down from $781m in 1989.

Ford said profits from its worldwide auto business *crashed by $3.1bn to just $99m* in 1990, [redacted] sales of $81.8bn, down from $82.9bn in 1989.

In the US, Ford's [redacted] operations lost $17m in 1990, compared with [redacted] earnings of $1.1bn; the [redacted] share of the US [redacted] market dropped 1.2 percentage points [redacted] 21.1 [redacted] Auto profits outside the US fell from $2.1bn *in 1989 to* $116m. In Europe, Ford claimed [redacted] market [redacted] only 0.1 *percentage points lower* [redacted] 11.8 per cent. Ford's European truck market share was reported [redacted] 11.1 per cent, [redacted] by 0.8 percentage points.

Campbell Soup books record second quarter

By Patrick Harverson in [redacted] York

CAMPBELL Soup, the big US foods group which [redacted] under[redacted] significant restructuring in the past year, yesterday announced record second-quar[redacted] *earnings*, [redacted] *by* [redacted] *strong* jump in profits from international operations.

In [redacted] three months ended January 27, Campbell said, earnings were $135.3m, or $1.07 [redacted] share.

In [redacted] quarter [redacted] ago, [redacted] group earned $105.2m, [redacted] a share.

The rise in earnings [redacted] achieved [redacted] spite [redacted] gain in sales, which [redacted] to $1.77bn, up from $1.72bn a [redacted] ago.

Excluding divested and discontinued businesses, sales rose 6 [redacted] cent in the quarter.

[redacted] the help of favourable [redacted] in exchange [redacted] group's [redacted] division reported [redacted] in quarterly operating earnings [redacted] $14.8m.

Campbell's [redacted] operation contributed [redacted] the increase [redacted] return to profitability after [redacted] loss in [redacted] second quarter [redacted] year. In its domestic market, Campbell reported [redacted] per [redacted] in earnings [redacted] North America *division, with strong performances* [redacted] in by soup, fro[redacted] convenience meals, [redacted] and Canada.

The [redacted] the figures, although [redacted] sharp jump in the share price in [redacted] days [redacted] yesterday's gain to a [redacted] of [redacted] to [redacted] midday.

Ms [redacted] *Ghez*, [redacted] *analyst* [redacted] Goldman Sachs, [redacted] yesterday: "This [redacted] a surprisingly strong quarter which clearly demonstrates [redacted] the company has turned around [redacted] focusing [redacted] profitability."

She has raised her full-year [redacted] for Campbell from [redacted] to $3.20.

In [redacted] half-year, Campbell lifted [redacted] income to [redacted] against $1.45. Revenues advanced [redacted] $3.37bn [redacted]

Colgate in 19% surge to $74m

By Karen Zagor in New York

COLGATE-Palmolive, the second biggest [redacted] manufac[redacted] *of detergents and other* household products, yesterday turned in a [redacted] per cent improvement in fourth-quarter net earnings of $73.5m, or $1.03 [redacted] share, against $62m, or [redacted] cents, [redacted] year [redacted] per cent in [redacted] to $1.48bn from $1.29bn.

In the quarter, earnings *before interest and taxes* surged [redacted] per cent, excluding [redacted] one-time gain from real [redacted] 1989. For the full year, [redacted] income rose [redacted] per cent [redacted] $321m, or $4.56 [redacted] share, from $280m, or $3.97, [redacted] sales [redacted] 13 per cent to $5.69bn from $5.04bn in 1989.

Mr Reuben Mark, chairman [redacted] *chief executive*, [redacted] fourth-quarter results were "particularly encouraging because it *was* [redacted] same [redacted] increased advertising expenditures worldwide".

Minorco shakes up Inspiration

By Kenneth Gooding, Mining Correspondent

THE shake-up of companies under the control of Minorco, the [redacted] investment [redacted] of *the Anglo American Corporation* of South Africa, continued yesterday [redacted] the group turned its attention [redacted] Inspiration Resources, its poorly-performing, 56 per cent-owned diversified North American arm.

Inspiration will give [redacted] coal business at a cost [redacted] $78m, would implement [redacted] of [redacted] and suspend its quarterly [redacted] share dividend from [redacted] fourth quarter [redacted] The *company*, set up [redacted] paid its first dividend in 1989.

Inspiration has also revised its bank credit line from $75m [redacted] $40m.

Inspiration will focus on [redacted] Terra International agricultural products and services business, and [redacted] Hudson Bay Mining and Smelting base *metal operations.* [redacted] *wrote* [redacted] gold operations, taking a charge of $16.5m, in the third quarter last year.

Inspiration yesterday reported a 1990 fourth-quarter [redacted] $115.4m, [redacted] $1.74 a share, [redacted] of $217m compared with [redacted] of $2.4m, [redacted] cents, on [redacted] of $218.5m in the corresponding [redacted]od [redacted] 1989. The 1990 quarter included a $78m charge relating [redacted] the coal business [redacted] a $12m relating [redacted] cost-cutting. For 1990 as a whole, Inspiration [redacted]d a net [redacted] of $108.5m on revenues [redacted] $1.4bn against [redacted] net profit [redacted] on [redacted] $1.4bn.

McCaw loss increases to $149m

By [redacted] Zagor

[redacted] Cellular Communications, the [redacted] US provider [redacted] cellular telephone [redacted] in which British Telecom [redacted] a *20* [redacted] stake, has unveiled an [redacted] in the fourth quarter. The [redacted] *deepened* [redacted] *$148.8m, or 86* [redacted] share, from $58.4m, or [redacted] cents, a year ago. [redacted] advanced [redacted] from $152.1m.

[redacted] which spent $3.4bn in March [redacted] raise [redacted] stake in LIN Broadcasting *to 52* [redacted] cent, attributed the [redacted] to [redacted] consolidation with *LIN's results and increased interest expense resulting* from the acquisition.

McCaw's income from operations [redacted] depreciation and amortisation rose [redacted] $94.6m from $19.6m.

For the year, McCaw had net income [redacted] $562.3m, [redacted] $2.97 a [redacted] on revenues of $1.04bn compared with a [redacted] $288.5m, [redacted] $2.07, on revenues of $504.1m in [redacted]

McCaw , [redacted] has recently made other costly acquisitions, said [redacted] long-term debt and *mandatory repurchase obliga*[redacted] was $3.57bn against $1.79bn a year earlier. [redacted] had $1.72bn in long-term debt associated with LIN Broadcasting. LIN yesterday reported [redacted] fourth-quarter net loss of $54.4m, or $1.06 [redacted] share, on revenues of $106m against a net loss of $15m, or 28 cents, [redacted] $69.9m the previous year.

COMPANY NOTICE

LEGAL NOTICES

INTERNATIONAL COMPANIES AND FINANCE

Fletcher Challenge earnings fall

By Terry Hall in Wellington

A TOUGHER climate in Canada, Australia and New Zealand for the operations of Fletcher Challenge, the diversified New Zealand conglomerate, led to a 17.7 per cent drop in operating earnings [redacted]o NZ$654m (US$394m) in the six months to December 31.

However, after extraordinary items, net earnings emerged at NZ$376.3m, a rise of 9.4 per cent. These items resulted from the sale of Fletcher Fishing and previously unrecognised tax benefits on the purchase of BP's stake in the Maui gas field in New Zealand, and totalled NZ$51.8m, compared with a loss of NZ$17.4m in 1989.

The earnings figure was also greatly assisted by a tax bill of only NZ$900,000, against NZ$105.3m, while investment earnings were NZ$8.9m compared with NZ$15.9m. Turnover rose 3 per cent to NZ$6.77bn from NZ$6.59bn.

The company's recent expansion in the energy sector, after the takeover of Petrocorp in 1988, continued to provide a balance against the down cycles in FCL's other core business areas: the building, pulp, paper and primary industries.

Earnings from [redacted] products and forestry were NZ$68m, down from NZ$76.2m, with losses on north American lumber markets. Tasman Forestry experienced strong markets for export logs.

Earnings from paper [redacted] NZ$27.9m, compared with NZ$30.7M, and a fall in profits from mark[redacted] kraft pulp to NZ$47.9m from NZ$80[redacted]n was due to declining world prices and lower production at the Canadian plant.

Sharply reduced activity and lower prices for wo[redacted]l, dairy [redacted] horticultural products in the rural sector, totalled NZ$36.2m against NZ$61.5m), while [redacted] rural bank earned NZ$40.2m compared with NZ$53.3m.

Deteriorating conditions in the building industry in Australia and New Zealand saw [redacted] division [redacted] NZ$11.3m, compared with [redacted] profit of NZ$14.4m, although conditions were "somew[redacted] better" in the western US, south-east Asia [redacted] the Pacific. [redacted] land division contributed [redacted]

Hugh Fletcher: difficult trading conditions

FCL [redacted] in [redacted] corporate [redacted] invest[redacted] division. Mr Hugh Fletcher, chief executive, [redacted] a NZ$38m gain on the sale of the CSR shareholding during the year for NZ$339m was off[redacted] by provisions for [redacted] other portfolio [redacted] and funding and administrative costs.

[redacted] in [redacted] half-year [redacted], bringing [redacted] total [redacted] July 1 1988 to [redacted]

Mr Fletcher said that difficult trading conditions were applying [redacted] all [redacted] company's operations except [redacted] forestry. Assuming that no net extraordinary items arose in the second half, the company would be doing well to match last year's earnings of NZ$682m.

[redacted] the [redacted] was in the process of withdrawing from commercial [redacted]rty ownership, reducing to minority ownership in shopping centres, reducing its [redacted] in north American solid wood products, [redacted] forming joint [redacted] for [redacted] chain of Placemakers building supply stores. [redacted] introducing [redacted] investors [redacted] New [redacted] ness, [redacted] corporation.

The company is making an unchanged interim [redacted]idend of 11.5 [redacted] share, on earnings per share of 27.9 cents against 29.7 cents. Asset [redacted] per share was NZ$3.64 compared with NZ$3.48.

Write-offs put Chase AMP Bank in red

By Kevin Brown in Sydney

CHASE AMP BANK, a joint venture between Chase Manhattan Bank of the US and the AMP Society, Australia's biggest insurance group, yesterday ann[redacted] a net loss of A$150m (US$117m) for the year to December, after writing off bad debts of A$132m.

The result compares with a net loss of A$30m for the previous year and reflects the difficulties facing the 15 overseas banks given foreign banking licences after the deregulation of the Australian industry in 1984.

The result is also in line with the experience of the four leading Australian banks, all of which announced disappointing profits for the year to September following aggregate write-offs of A$3.5bn.

Chase Manhattan and AMP said they remained confident for the future of the bank, which they regarded as "a long-term investment requiring patience and perseverance in Australia's highly competitive environment".

The [redacted]harehold[redacted] the abnormal [redacted] "disappointing" but had not impaired the sound financial structure of the bank, which [redacted] achieved profitable [redacted] in several core businesses, including risk management, corpo[redacted] transaction lending and mortgage lending.

The bank was restructured last year following [redacted] detailed review of its future by Chase Manhattan and AMP. The bank announced [redacted] redundancies in December following an infusion of fresh capital from the shareholders.

Chase AMP said its provisions [redacted] doubtful debts had increased steadily during [redacted] Australian [redacted] deepened and the recovery prospects of troubled corporate borrowers had deteriorated.

The bank said 45 per cent of the bad debt provision related to two loans, with the largest loss arising from its exposure to the crashed Qintex Australia group.

The bank said it had reduced its asset base to A$2.9bn from A$4.1bn [redacted] capital [redacted] to overcome the uncertainties surrounding the Australian and world economies.

Mr Lynn Anderson, [redacted] ing director, [redacted] the bank's capital [redacted] of [redacted] balance [redacted] represented [redacted] per cent of risk-weighted assets, in excess of the capital adequacy ratio of 8 per cent required by the Reserve Bank of Australia.

The result was "disappointing but not unexpected given the deepening recession and the pace of change in the financial services industry," said Mr Anderson.

"We firmly believe that we had to take tough action on a portion of our loan portfolio, despite the fact that this would [redacted] a disappointing net [redacted]

"[redacted] have been identifying and provisioning for our non-performing corporate loans on a continuous basis during the last 18 months. This action combined with our recent restructuring and the improving profitability [redacted] our core business should provide a solid base for future earnings."

Consumer credit helps Wooltru to raise sales

By Philip Gawith in Johannesburg

WOOLTRU, the South African retail and wholesale group with interests in the food and clothing sectors, profited from consumer credit spending to overcome a slowing economy and post increased sales and profits in the six months to the end of December.

Turnover rose 24 per cent to R1.69bn ($676m) from R1.36bn, and pre-tax income was 20 per cent up at R149.3m against R124.8m. Attributable income was 19 per cent higher at R76.8m against R64.4m.

The directors noted that consumer spending had been depressed by the slow economy. However, consumers had taken advantage of freely available credit.

Woolworths, the group's flagship store selling food and clothing, saw sales increase 18 per cent. Food sales were buoyant, increasing 28 per cent, in part due to the opening of food-only outlets. Clothing sales increased by 13 per cent. The managers said profits were "modest", reflecting trading circumstances.

All divisions of Speciality Retail Group, the fashion arm of Wooltru, performed well. Profit increases were greater than sales rises, which grew by 25 per cent.

Makro, the group's wholesale operation, increased sales by 34 per cent.

Earnings per share increased by 19 per cent to 220.7 cents from 185.1 cents. The dividend was lifted 20 per cent to 77 cents per share from 64 cents.

S African leisure group up 19% on growth at casinos

By Philip Gawith

KERSAF [redacted] African leisure and entertainment group, profited from a good performance at its Sunbop subsidiary to record a 19 per cent increase in earnings in the six months to the end of December.

Turnover rose 12 per cent to R904.1m ($359m) from R804.7m. The [redacted] included an extraordinary gain.

Net profits rose [redacted] R185.1m and attributable earnings [redacted] 19 per cent higher [redacted] R75.8m.

Mr Buddy Hawton, chairman, [redacted] Sun [redacted] resort hotels, located in surrounding homelands, experienced a decline in number of visitors. The average room occupancy for the period – 71 per cent – was 3 percentage points down on last year, although above the 60 per cent [redacted] for [redacted] 3, 4 and 5-star sector in the local market.

Mr Hawton said Kersaf's casino revenues were up 23 per cent on the previous year. Many South Africans travel to these hotels to gamble as it is illegal in South Africa. Sunbop, [redacted] interests include [redacted] City and seven other hotels in Bophutatswana, lifted attributable earnings 22 per cent to R89.2m.

Transun, [redacted] Kersaf's Transkei interests, was hit by higher gaming levies with attributable earnings only [redacted] higher [redacted] R26.4m.

Earnings per share were 19 [redacted] higher [redacted] the divi[redacted] was lifted [redacted] per cent to 58 cents a share.

Profits rise for BTR Dunlop

By Philip Gawith

[redacted] DUNLOP, [redacted] rubber manufacturer controlled by the British company, [redacted] recessionary conditions in the building industry and a decline in new vehicle sales to increase attributable profits by 21 per cent in the year to December.

Sales rose by 11 per cent to R700.8m ($278m) from R631.8m, despite a decline in sales volume owing [redacted] conditions in the building [redacted]stry and the 5 per [redacted] decline in new vehicle sales during 1990.

Trading profits rose 21 per [redacted] R134.2m from R110.9m.

Mr Clive Hooper, managing director, said that although the company had been affected in the second half of the year by cuts in the mining industry, these had been offset by the Industrial Products Division winning the contract for 42km of steel belt, the longest made in South Africa.

The company expects 1991 to be a year of consolidation. Earnings per share rose 20 per cent to 372 cents from 310 cents and the dividend was lifted by 18 per cent to 165 cents per share from 140 cents.

INTERNATIONAL CAPITAL MARKETS

German issues rally almost [redacted] point after leaked report

By Tracy Corrigan in London and Patrick Harverson in New York

THE GERMAN bond market rallied nearly a full point yesterday on speculation that German bund issuance may be lower than expected.

The market firmed on [redacted] leaked report in a German newspaper that Mr Theo Waigel, the German finance minister, plans tax increases to fund the Gulf war.

The implication that this would reduce [redacted] Bundesbank's funding needs – [redacted]cially [redacted] the concept [redacted] extended [redacted] include the [redacted]nomic regeneration [redacted] Europe – was [redacted] by traders. The market's firm tone prompted [redacted] international buying.

Mr [redacted] Major, an analyst at UBS Phillips & Drew, said [redacted] market [redacted] again looking overbought [redacted] vulnerable [redacted] profit-taking by US investors, who have been active in the market [redacted] year, [redacted] could [redacted] potential currency [redacted].

In addition, [redacted] through into [redacted] German inflation rate, potentially delaying [redacted].

[redacted] bund [redacted] on the London International Financial Futures Exchange closed [redacted] up from [redacted] opening level yesterday [redacted] and [redacted] further in after-hours trading [redacted] 86.07.

■ IN THE UK, gilts prices [redacted] given [redacted] boost by the strong performance [redacted] the [redacted]ket.

But [redacted] set of UK economic data, including [redacted] lower-than-expected [redacted] in the unemployment rate, [redacted] further [redacted] rate reduction would be [redacted] quickly.

The [redacted] any disappointment was muted, [redacted] are [redacted] focusing on today's retail prices [redacted] hope that Wednesday's [redacted] point [redacted] will be justified in retrospect by a [redacted] in [redacted] retail price [redacted] 9 [redacted].

The gilt [redacted] contract [redacted] ended [redacted], up from Wednesday's [redacted] of 93¼, [redacted] off earlier highs.

[redacted] was again [redacted] in [redacted] government bond market yesterday, [redacted] sitting on their hands until today's important economic [redacted].

In late trading, [redacted] mark 30-year Treasury bond was [redacted] ¼ at [redacted], yielding [redacted] per cent. At [redacted] short end [redacted] market, the two-year government [redacted] was up [redacted] at [redacted], [redacted] yield [redacted] per [redacted].

The firmness of shorter paper [redacted] market [redacted] expecting a lowering [redacted] short-term interest rates soon, while futures-led selling took the shine off the long end.

The key statistics due out today are [redacted] January pro[redacted] price index, which analysts expect to [redacted] virtually unchanged, and January industrial production, which [redacted] expected [redacted] show a [redacted] 0.7 [redacted]. The [redacted] balance for December and capacity util[redacted] January will also [redacted] reported today.

For [redacted] third day [redacted] week, the Fed intervened [redacted] the [redacted] markets, [redacted] time [redacted] five-day system repurchase agreements. After [redacted] operations, designed to keep [redacted] or below [redacted] 6¼ [redacted] cent, [redacted] funds fluctuated [redacted] side of the target to stand at 6¾ per cent in late trading.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	[redacted]	Month ago
[redacted]		13.500	09/92	[redacted]	[redacted]	10.84	[redacted]	11.58
		9.000	03/00	[redacted]	[redacted]	[redacted]	10.02	10.59
		9.000	10/08	94-17	+14/32	9.64	[redacted]	10.21
US TREASURY *		[redacted]	[redacted]	[redacted]	-04/32	[redacted]	[redacted]	8.23
		[redacted]	02/21	98-24	-09/32	7.98	8.05	8.42
JAPAN	No 119	4.800	6/99	[redacted]	[redacted]	6.69	[redacted]	6.94
	No 129	6.400	[redacted]	[redacted]	+[redacted]	[redacted]	6.48	[redacted]
GERMANY		9.000	10/00	[redacted]	+1.040	[redacted]	8.39	8.97
FRANCE	BTAN	9.000	[redacted]	98.8923	+0.458	9.26	[redacted]	[redacted]
	OAT	9.500	01/01	103.1900	+1.000	[redacted]	9.17	9.95
[redacted] *		10.500	[redacted]	105.0000	[redacted]	[redacted]	[redacted]	[redacted]
NETHERLANDS		9.250	[redacted]	104.2500	[redacted]	[redacted]	8.72	9.27
AUSTRALIA		[redacted]	07/00	[redacted]	[redacted]	11.52	11.27	[redacted]
BELGIUM		[redacted]	08/00	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted] closing, New [redacted] closing [redacted] market standard. [redacted] UK in [redacted] decimal [redacted]

National Grid Company tops risk rating

By Stephen Fidler, Euromarkets Correspondent

THE National Grid Company [redacted] risk in the UK's newly-reconstructed electricity industry, while [redacted] generating companies now being privatised are the riskiest parts of the business, according to [redacted] the US credit rating agency.

In a report published yesterday, Moody's said the power generating companies, National Power and Powergen, could see their dominant market [redacted] being [redacted] new gas-fired [redacted]. They also face heavy costs in [redacted] satisfy obligations relating [redacted] acid rain.

In contrast, the agency said [redacted] position of the [redacted] electricity companies should remain [redacted] over the next five years. Local electricity distribution is likely to remain a natural monopoly, it says.

But the [redacted] Grid Company has [redacted] lowest business risk, with its revenues likely to grow [redacted] because it will not depend on yearly electricity production.

The agency describes government and regulatory support [redacted] National Grid and the regional electricity companies as strong – compared with "very strong" for utilities in Australia, [redacted], Canada, Denmark and the US Tennessee [redacted]. Support for the two generating companies [redacted] "moderate", about in line with the US [redacted] utility industry.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. [redacted] prices on February [redacted]

[redacted] STRAIGHTS	Issued	[redacted]	Offer	Chg. day	Yield
[redacted] 93	150	[redacted]	102¼		7.92
ALBERTA PROVINCE [redacted] 3/8 95	600	[redacted]	104¾		8.13
AUSTRIA 8 1/2 00	400	100¼	100¾		[redacted]
BANK OF TOKYO 8 3/8 96	100	99¼	99¾	+⅛	[redacted]
BELGIUM 9 1/8 92	400	102¼	102¾		[redacted]
BFCE 7 3/4 97	150	97⅞	98¼	+⅛	8.21
BNP 8 5/8 94	300	102½	102¾		[redacted]
BP CAPITAL 9 5/8 93	150	103	104	−⅛	[redacted]
CANADA 9 96	1000	104½	104¾		[redacted]
CARCO 9 1/4 96	650	98½	[redacted]		[redacted]
CCCE 9 1/4 95	300	104½	104[redacted]	+⅛	[redacted]
COUNCIL EUROPE 8 96	100	99¾	[redacted]		[redacted]
CREDIT FONCIER 9 1/2 99	300	106	[redacted]		[redacted]
DENMARK 0 98	250	54½	55		[redacted]
DENMARK 8 1/4 94	150	101	101		[redacted]
ECSC 8 1/4 96	193	100⅝	101		8.10
EEC 7 1/4 93	250	99¾	100⅛		[redacted]
EIB 7 3/4 96	250	98⅞	99¼		[redacted]
EIB 9 1/4 97	600	104½	105		[redacted]
ELEC DE FRANCE 9 98	200	103½	103¾	+⅛	8.32
EUROFIMA 9 1/4 96	100	103¾	104¼		8.28
EXPORT DEV CORP 9 1/2 98	150	105¾	106¼		8.39
FINLAND 7 7/8 97	200	97½	98¼	+⅛	[redacted]
FINNISH EXPORT 9 3/8 95	200	104½	104¾		[redacted]
FORD MOTOR CREDIT 9 1/2 93	300	101⅞	102¼		8.76
GEN ELEC CAPITAL 9 3/8 96	300	104⅞	105¼		8.25
GMAC 9 1/8 96	200	100	100½		9.12
HALIFAX 9 1/2 93	200	103	103⅜		[redacted]
IBM WORLD TRADE 7 5/8 93	150	[redacted]	99¾	−⅛	[redacted]
IND BK JAPAN FIN 7 7/8 97	200	[redacted]	97¼		8.56
INTER AMER DEV 7 5/8 96	200	97½	97¾		[redacted]
ITALY 8 1/2 94	1500	102	102¼		7.84
JAPAN DEV BK 8 94	150	100¾	101⅛		[redacted]
KANSAI ELEC PWR 10 96	350	105⅝	106⅛		8.59
LTCB 8 5/8 93	150	101¼	101⅝		[redacted]
NEW ZEALAND 8 93	100	100¼	100⅝		[redacted]
NIPPON CRED BK 9 3/4 93	150	103½	104		[redacted]
NIPPON TEL & TEL 9 3/8 95	200	104¼	104¾		[redacted]
NORDIC INV BANK 9 93	[redacted]	103	103⅜	+⅛	[redacted]
ONTARIO HYDRO 11 5/8 94	[redacted]	108¾	109⅜	−⅛	8.15
OSTER KONTROLLBANK 8 1/8 93	[redacted]	[redacted]	101⅛		7.45
PETRO-CANADA 7 1/4 96	[redacted]	[redacted]	96¼		[redacted]
PRUDENTIAL RLTY SECS 0 99	[redacted]	[redacted]	51	+⅛	9.01
QUEBEC HYDRO 9 3/4 98	[redacted]	104⅞	105¼		[redacted]
QUEBEC PROV 9 98	[redacted]	102¼	102¾		8.56
SAINSBURY 9 1/8 96	[redacted]	[redacted]	103¼		[redacted]
SAS 10 99	[redacted]	[redacted]	101	−⅛	10.02
SBAB 9 1/2 95	[redacted]	[redacted]	105	+⅛	[redacted]
STATE BK STH AUST 9 1/4 93	[redacted]	[redacted]	103⅛		7.98
SUMITOMO BK CAP MKT 9 3/8 93	150	[redacted]	103⅛		[redacted]
SWEDEN 8 1/8 94	150	[redacted]	100⅞	−⅛	[redacted]
SWEDISH EXPORT 9 5/8 93	100	[redacted]	104¼		7.49
TOKYO METROPOLIS 8 1/4 96	200	[redacted]	100¾		[redacted]
WORLD BANK 8 3/8 99	1500	[redacted]	101¼		8.40
WORLD BANK 8 3/4 97	1500	[redacted]	103¼		8.17
XEROX CORPN 8 3/8 96	100	[redacted]	96¾	+⅛	9.42
DEUTSCHE MARK STRAIGHTS					
ASIAN DEV BANK 8 94	200	97½	[redacted]	+⅛	8.94
AUSTRIA 6 [redacted]	400	86½	[redacted]	+⅛	8.63
CNT 6 1/8 98	200	86	[redacted]	+1¼	8.69
CREDIT FONCIER 6 3/4 99	500	[redacted]	[redacted]	+2¼	8.64
DEUTSCHE BK FIN 5 5/8 96	750	[redacted]	[redacted]	+¼	[redacted]
[redacted] 3/8 93	300	[redacted]	[redacted]	+⅛	8.80
[redacted] 6 1/8 96	300	88	[redacted]	+1¼	9.02
EIB 6 7/8 [redacted]	300	[redacted]	[redacted]		[redacted]
[redacted] 1/4 98	400	[redacted]	[redacted]		[redacted]
FELDMUEHLE [redacted] 8 99	200	[redacted]	[redacted]	+⅛	[redacted]
FERRO DEL STAT [redacted] 3/8 93	500	[redacted]	[redacted]		[redacted]
IND BK JAPAN [redacted] 5 5/8 96	200	[redacted]	[redacted]	+⅛	9.08
INTER [redacted] DEV 7 1/4 99	300	[redacted]	[redacted]	+⅛	8.87
LUFT[redacted]SA INT FIN 5 7/8 98	500	[redacted]	[redacted]		8.98
QUEBEC HYDRO 6 3/4 99	300	86⅞	[redacted]		9.15
SWEDEN 6 1/8 98	300	87	[redacted]	−½	8.65
WORLD BANK 0 15	2000	17¼	[redacted]	+½	7.20
WORLD BANK 5 3/4 96	300	88¼	[redacted]	+⅜	8.70
WORLD BANK 7 1/8 95	500	94⅞	[redacted]	+⅛	8.72
SWISS FRANC STRAIGHTS					
ASIAN DEV BANK 6 10	100	90½		[redacted]	[redacted]
AUSTRIA 4 5/8 98	100	88½	89½	−½	[redacted]
CHUJITSUYA 7 3/4 95	50	102¼			7.14
COUNCIL EUROPE 4 3/4 98	250	88	[redacted]	−⅛	6.97
EEC 5 1/2 00	100	90	[redacted]		6.94
EIB 5 3/4 93	100	98½	98¾		6.36
ELEC DE FRANCE 7 1/4 06	100	103½	104	+½	[redacted]
FINLAND 5 3/8 95	150	94½	96		[redacted]
GENERAL MOTORS 7 1/2 95	100	102	102½		[redacted]
JAPAN DEV BK 5 1/2 94	100	96½	97		6.83
NEW ZEALAND 4 7/8 99	200	89	90		6.70
QUEBEC HYDRO 5 08	100	80	81		7.05
SKANDINAVISKA ENSK 6 1/2 95	100	98	99		7.10
WORLD BANK 5 03	150	85½	86½		6.75
WORLD BANK 7 1/4 92	100	100	101		7.20
YEN STRAIGHTS					
AUSTRIA 4 3/4 94	30000	94⅝	94⅞	+⅛	6.84
CANADA 4 3/8 92	80000	96⅝	96⅞	+⅛	7.03
CREDIT FONCIER 5 1/4 94	20000	94½	95	+⅛	6.92
DENMARK 7 95	40000	100¾	101¼	+⅛	6.74
EIB 4 5/8 94	40000	93⅝	94	+⅛	6.84
GENERAL ELECTRIC 5 3/4 93	35000	96⅞	97¼		[redacted]
INTER AMER DEV 7 1/4 00	30000	103¾	104⅛	+⅛	6.67
[redacted] 3/4 92	150000	98⅝	99	+⅛	[redacted]
KANSAI ELEC PWR 4 5/8 94	60000	93½	93[redacted]	+⅛	[redacted]
NIPPON TEL & TEL 5 7/8 96	50000	96⅛	96⅜		6.66
NORWAY 5 1/8 95	50000	94⅛	94⅝	+⅛	6.72
SWEDEN 5 5/8 95	20000	95⅛	95⅞	+⅛	6.82
WORLD BANK 6 3/4 00	50000	101	101¼	+⅛	[redacted]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	[redacted]	93	94		[redacted]
KREDIETCORP 7 93 LFr	1000	[redacted]	94⅝		[redacted]
WORLD BANK 8 96 LFr	1000	[redacted]	95½		[redacted]
AMRO BANK 6 1/4 92 Fl	150	[redacted]	[redacted]		10.04
RABOBANK 5 3/4 93 Fl	150	[redacted]	[redacted]		[redacted]
ALBERTA PROVINCE 10 92 C$	500	100½	100¾		[redacted]
BCE INC 9 5/8 93 C$	300	98½	99	−⅛	[redacted]
BELL CANADA 10 5/8 99 C$	150	101	101½		[redacted]
BRITISH COLUMBIA 9 1/4 95 C$	150	98⅜	[redacted]	−⅛	10.15
EIB 10 1/8 98 C$	[redacted]	100⅞	101¼	−⅛	[redacted]
FORD CREDIT CANADA 10 94 C$	100	[redacted]	[redacted]		10.58
GENERAL ELECT CAP 10 1/4 93 C$	[redacted]	100¾	101⅛		[redacted]
MONTREAL TRUSTCO 8 1/2 92 C$	100	97¼	[redacted]		[redacted]
ONTARIO HYDRO 10 7/8 99 C$	[redacted]	102¾	103⅛	−⅛	[redacted]
QUEBEC PROV 10 1/2 98 C$	200	100¼	100⅝		[redacted]
ROYAL TRUSTCO 10 1/4 93 C$	100	98⅝	[redacted]		10.84
SWEDEN 9 3/4 93 C$	250	[redacted]	100¼		9.84
AUSTRIA 7 3/8 93 Ecu	125	[redacted]	95⅜	−⅛	[redacted]
CNT 7 3/8 93 Ecu	250	[redacted]	95	−⅛	10.51
CREDIT LYONNAIS 9 96 Ecu	125		96⅛	+⅛	[redacted]
DENMARK 7 5/8 96 Ecu	[redacted]	[redacted]			10.05
EEC 7 5/8 94 Ecu	200	[redacted]	96⅛	+⅛	[redacted]
EIB 10 97 Ecu	1125	104	104½	+⅛	[redacted]
ITALY 10 3/4 00 Ecu	[redacted]	105⅜	[redacted]	+⅛	9.30
SWEDEN 7 1/2 93 Ecu	250	[redacted]	[redacted]		10.70
BMW FINANCE 14 1/2 92 AS	100	101⅞	102¼		12.57
COUNCIL EUROPE 13 93 AS	50	101	102	+⅛	12.40
EKSPORTFINANS 12 3/8 95 AS	75	102⅛	102⅜	+⅛	11.60
FORD CRED AUST 13 93 AS	50	100	100⅜	−⅛	12.97
ICI 15 1/2 92 AS	100	103	103¼		12.68
MCDONALDS CANADA 15 95 AS	100	106⅝	107⅛	+⅛	12.[redacted]
NAT AUSTRALIA BANK 14 3/4 94 AS	150	105⅜	[redacted]	+⅛	12.[redacted]
STATE BK NSW 14 1/4 99 AS	100	107	107½	−⅛	[redacted]
VOLKSWAGEN INTL 15 94 AS	[redacted]	[redacted]	106¼		[redacted]
ABBEY NATL TREAS 13 3/8 95 £	[redacted]	105½	106	+⅛	[redacted]
BARCLAYS JERSEY 9 1/2 93 £	[redacted]	95⅛	95¼		[redacted]
BRITISH GAS 12 3/4 95 £	150	105⅛	105⅝	+⅛	[redacted]
DEUTSCHE BK FIN 11 94 £	[redacted]	99⅛	[redacted]		11.14
EIB 10 97 £	[redacted]	96¼	97	+⅛	[redacted]
FORD CREDIT FUNDING 9 5/8 93 £	50	[redacted]	[redacted]		12.71
INTER AMER DEV 11 3/8 95 £	[redacted]	101⅛	[redacted]	+⅛	10.84
ITALY 10 1/2 14 £	400	95⅛	95⅜	+⅛	[redacted]
LAND SECS 9 1/2 07 £	200	82	82¼	+⅛	12.07
LEEDS PERMANENT 9 1/4 93 £	50	[redacted]	95⅛	+⅛	12.02
NORWAY 10 1/2 94 £	[redacted]	98¾	99¼	+⅛	11.01
ROLLS-ROYCE 9 5/8 93 £	[redacted]	94⅞	95⅛	+⅛	[redacted]
SAINSBURY 10 7/8 93 £	[redacted]	[redacted]	98⅞	+⅛	[redacted]
SKANDINAVISKA ENSK 13 1/8 95 £	100	[redacted]	105¼	+⅛	[redacted]
WORLD BANK 11 1/4 95 £	100	101	101½		10.91
ABBEY NATIONAL 0 96 NZ$	100	50⅛	51⅛	+⅛	12.93
TELECOM [redacted] FIN 13 1/8 95 NZ$	75	101¼	102¼	+⅛	12.65
AIDC 7 [redacted] 93 FFr	[redacted]	95⅝	96¼	+⅛	[redacted]
CREDIT LYONNAIS 10 95 FFr	2000	100½	100¾	+⅛	[redacted]
EURATOM 7 5/8 98 FFr	500	[redacted]	91½	+⅛	[redacted]

FLOATING RATE NOTES	Issued	Bid	[redacted]	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.79	[redacted]95	14.1250
ALBERTA PROVINCE 1/32 93	500	[redacted]	100.08	7.5938
ALLIANCE & LEICS 0.08 94 £	300	99.17	[redacted]	[redacted]
BANCO ROMA 0.03 01	[redacted]	[redacted]	[redacted]	[redacted]
BANCO SANTO SPIRITO 93	200	[redacted]	99.64	[redacted]
BELGIUM 1/16 97 DM	500	99.95	[redacted]	[redacted]
BFCE -0.02 96	350	100.00	100.10	7.7925
BNP 05	300	96.88	[redacted]	[redacted]
BRITANNIA 1/10 96 £	150	[redacted]	[redacted]	[redacted]
CCCE 06 ECU	200	99.96	100.06	10.0000
CITIZENS FED 0.15 96	[redacted]	[redacted]	99.56	8.2125
COMMERZBK O/S FIN 93	200	[redacted]	[redacted]	[redacted]
DENMARK -1/8 96	1000	99.08	[redacted]	[redacted]
ELEC DE FRANCE 1/8 99	400	100.04	[redacted]	8.3750
FERRO DEL STAT 94	200	100.49	100.63	8.2500
HALIFAX 1/10 94 £	200	[redacted]	99.48	13.6000
HILL SAMUEL 1/4 PERP	75	[redacted]	84.17	8.5000
MITSUI FIN ASIA 1/8 96	100	98.97	99.09	[redacted]
MORGAN (JP) 1/4 97	[redacted]	[redacted]	[redacted]	8.4375
NAT WEST FIN 3/16 05	400	89.70	90.90	8.3125
NEW ZEALAND 93	[redacted]	99.64	99.76	8.0625
QUEBEC PROV 01	300	96.89	[redacted]	8.1250
RENFE 98	500	99.91	100.01	7.8750
SOCIETE GENERALE 96	300	[redacted].05	[redacted]	8.0000
STATE BK VICTORIA 0.05 99	[redacted]	98.23	[redacted]	7.8625
UNITED KINGDOM -1/8 96	[redacted]	100.00	[redacted]	[redacted]

CONVERTIBLE BONDS	Issued	Conv. [redacted]	[redacted]	Offer	[redacted]
ARGYLL GROUP 4 1/2 02 £	60	2.95	110⅝	111⅝	+20.42
ASDA-MFI 4 3/4 02 £	100	1.64	111⅜	112½	+43.82
BURTON GROUP 4 3/4 01 £	110	3.15	110¼	111¼	[redacted]
EASTMAN KODAK 6 3/8 01	300	[redacted]	101½	102½	[redacted]
GOLD KALGOORLIE 7 1/2 00	65	1.0554	57¼	58¾	+45.82
GOODYEAR TIRE 6 7/8 03	150	80¼	60¼	[redacted]	[redacted]
GRACE (WR) 6 1/4 02	150	42¼	84⅞	85⅞	+21.36
GRAND MET 6 1/4 02 £	100	6.58	110⅛	111¼	+1.60
HAWLEY 6 02 PREF	400	1.91	93⅝	95⅛	[redacted]
HILLSDOWN 4 1/2 02 £	[redacted]	4.16	103⅛	104⅛	[redacted]
INTL PAPER 5 3/4 02	200	[redacted]	99½	100½	[redacted]
LAND SECS 6 3/4 02 £	84	6.72	90⅞	91⅞	+9.14
MITSUBISHI BK 1 3/4 02	300	2727.1	103	105	-4.51
OGDEN 6 02	85	39.077	74½	75½	+29.46
PACIFIC DUNLOP 6 3/4 97	75	3.749	108⅝	109⅝	-0.21
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	82¼	83¼	+62.30
THORN EMI 5 3/4 04 £	103	7.45	107⅝	108⅜	[redacted]

* No information available – previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars [redacted] Coupon [redacted] minimum. Spread = Margin [redacted] six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Thomas Labrecque: did not rule out an alliance

Nationwide banking on way in US, says Chase

By David [redacted]
Banking Editor

THE US treasury's proposals to reform the US banking system will finally pave the way for a nationwide banking market, according to Mr Thomas Labrecque, the chairman and chief executive of Chase Manhattan Bank.

"National banking has to come," [redacted] interview in London yesterday.

Mr Labrecque said that sufficient [redacted] now existed in the US [redacted] ensure [redacted] at least a part [redacted] reforms, published [redacted] week, would go through. "I think we're going to [redacted] something," [redacted] though there were many [redacted] of opinion.

On the specific proposals, [redacted] chairman said he believed there should be nationwide branch banking, and that [redacted] establishment of financial [redacted] holding companies should be permitted [redacted] allow banks to expand into areas like investment banking and the marketing of securities. The proposed restructuring of the regulatory apparatus was also a step in the right direction.

His main concerns were that holding companies should not be required [redacted] build excessively thick protective "firewalls" between their different [redacted] because this would be costly. He [redacted] believed that [redacted] companies [redacted] banking-type businesses should be drawn more closely into banking regulation for reasons of competitive equality.

He said Chase would use any opportunities opened [redacted] by deregulation to strengthen the six lines of business which it is now concentrating on after last year's financial crisis and the resulting cuts and job [redacted]. These [redacted] corporate finance, risk management, information transaction [redacted]vices, international private banking, consumer services and [redacted] York retail banking. "We'll be looking for ways to build them up and [redacted] them pre-eminent," he said.

It was too early [redacted] say whether this would entail making any acquisitions.

In reply [redacted] that [redacted] recent problems would rule out any major expansion for [redacted] while, Mr Labrecque said: "Only time will tell. But you shouldn't [redacted] us out."

[redacted] welcomed [redacted] opportunity [redacted] expand both geographically and through new products. Geographical [redacted]sion was not only a matter of spreading costs more widely, but also of diversifying risk. [redacted] product freedom would also enable Chase [redacted] provide a [redacted].

Mr Labrecque declined [redacted] say if he would [redacted] seeking an alliance either with another bank or an industrial company if the law [redacted] changed to permit that. But he did not rule it out.

Fay Richwhite wins contract for NZ sell-off

AUCKLAND merchant bank Fay Richwhite has won the [redacted] sell [redacted] NZ$500m worth [redacted] Telecom Corporation [redacted] New Zealand shares [redacted] the New Zealand public, probably in the last quarter [redacted] the [redacted]. It will be the [redacted] private offering [redacted] shares ever made in [redacted] Zealand, writes Terry Hall in Wellington.

This follows an undertaking by the owners of Telecom Corporation, Ameritech and Bell Atlantic, the US regional telephone companies, to sell this amount of shares. Ameritech and Bell Atlantic are also planning a global issue [redacted] shares.

Fay Richwhite, who handled the original privatisation, has also undertaken to buy 5 per cent of the shares through a private company.

The chief financial officer for both Ameritech and Bell Atlantic in New Zealand, Mr Kirk Cullamer, said the timing of the sale was still uncertain, as current conditions were not considered favourable in New Zealand for a share issue.

Ameritech and Bell Atlantic bought Telecom Corporation last September in a NZ$4.25bn deal, but undertook to reduce their stake to [redacted] per cent.

INTERNATIONAL CAPITAL MARKETS

Analysts warn issue may have peaked

By Simon London

THE Bank of England may not need Ecu funding as such, but it could hardly have chosen a more advantageous time to issue Ecu bonds.

The Ecu bond market has outperformed the majority of the European bond markets which make up the Ecu basket this year. For example, the yield on the French government 10 per cent Ecu OAT, maturing 2001, has fallen by around 80 basis points since the begining of January.

Analysts suggest the best measure of the relative performance of the market is to compare Ecu bond yields with a synthetic index, made up of a weighted basket of all the European bond markets which comprise the Ecu.

At the 10-year maturity, the Paribas yield index of liquid Ecu bond issues is now 50 basis below the synthetic yield curve derived from [illegible] underlying national markets.

Last year, 10-year liquid Ecu bonds offered 0 to 30 basis points below the synthetic yield curve. This year, the range has been broken decisively. While Ecu bond issues have usually been more expensive than their "theoretical" value, the divergence has grown to new proportions this year. "The Ecu market is discounting a lot of good news on European monetary union at the moment," commented one syndicate manager. "Investors are confident that there will be no major realignment of the ERM currencies."

Although the market rallied on the back of the UK issue yesterday, analysts suggest the market may have peaked. This is a warning to Ecu investors who bought bonds at the top of the market, but borrowers such as the UK government are locking in at the lowest relative rate the market has seen.

Yesterday's issue appears to have succeeded in drawing UK institutional investors into the Ecu market. But bond syndicate managers are not an[illegible]pating a flood of new issues from other UK issuers hoping to tap this new pocket of demand for Ecu paper. Indeed, finely-priced issues by sovereign borrowers make issues in Ecu harder for companies, by setting benchmark yields at unattainably low levels.

UK adds further Ecu500m to debut Eurobond paper

By Simon London

THE UK government added a further Ecu500m to its [illegible] Ecu2bn Eurobond issue yesterday, the additional [illegible] helping to satisfy unexpectedly strong demand from UK institutional investors.

The [illegible] to investors [illegible] price of [illegible], with [illegible] of [illegible] cent, to yield 9.13 per [illegible] or [illegible] points below [illegible] yield on comparable French government paper.

The [illegible] immediately becomes the benchmark 10-year maturity Ecu bond and will be a highly liquid instrument. The Bank of England has retained an [illegible] Ecu200m bonds which will [illegible] released, if [illegible] to [illegible] late [illegible] liquidity [illegible] the [illegible].

Morgan Stanley, [illegible] manager, [illegible] the [illegible] at 11.30 GMT and the bonds traded up to 100.45 bid by early afternoon, for a yield of 6 basis points less than the comparable French government OAT.

However, by the close of

INTERNATIONAL BONDS

trading the yield spread had closed back to 4 basis points.

Most participants in the deal reported strong demand from UK institutional investors, with perhaps 25 per cent of the issue being place in the UK.

Most were also satisfied with the way the issue had been priced and syndicated. Morgan Stanley sold about one-third [illegible] the issue, which drew criticism from certain syndicate managers. The majority, however, noted this was normal syndication procedure.

Elsewhere in the market, new issue activity centred on the sterling sector. BAA, the UK airports operator, came with a rare 25-year deal bought mostly by UK institutional clients. The £150m offering carries [illegible] coupon of 11¼ per cent and was priced at [illegible] fixed reoffer [illegible] 195 basis points over the 9 per cent gilt maturing [illegible] was lead managed by BZW.

Crédit [illegible] de France added to the supply of sterling zero-coupon paper, issuing 10-year bonds with a nominal value of £100m also via BZW. The paper was priced at 36.34, to yield 40 basis points over gilts. The issues by Deutsche Bank and Swiss Bank Corporation launched on Tuesday were yesterday trading on a yield spread of 30 basis points over gilts.

Later in the day, Leeds Permanent Building Society came with a £100m five-year issue, lead managed by UBS Phillips & Drew. The bonds carry a 11¼ per cent coupon [illegible] were reoffered at 99.40.

[illegible] Press, Mr Kerry Packer's magazine business, is offering to buy back up to SFr100m of its 6¼ per cent [illegible] due 1995, at a price of 62 per cent of their face value, plus accrued interest.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	[illegible]	Maturity	[illegible]	Book runner
ECUs						
[illegible]	2.5bn	9⅛	[illegible]	2001	32½/20bp	Morgan Stanley Int.
US DOLLARS						
[illegible] Oil [illegible]	50	8⅛	101⅞	[illegible]	1⅞/1⅛	[illegible]
STERLING						
BAA [illegible]♦	150	11¼	[illegible]	[illegible]	2½/1⅞	[illegible]
Credit Local [illegible] France(a)♦	100	zero	[illegible]	[illegible]	20/1[illegible]	BZW
Leeds Perm.Bldg.Soc.(c)♦	100	11½	[illegible]	[illegible]	32½/20bp	UBS Phillips & Drew
SWISS FRANCS						
[illegible] Toatsu Chem.(a)★★★♦	100	7⅝	[illegible]	[illegible]	-	SBC
GUILDERS						
[illegible] & Hope NV(a)♦	150	9	[illegible]	[illegible]	1/⅝	Bank Mees & Hope NV
YEN						
Mitsui [illegible] Chemicals(a)♦	[illegible]	7¼	101⅛	[illegible]	1⅞/1.675	[illegible] Int.

[illegible] [illegible]nvertible. [illegible] equity warrants. †Floating rate note. ♦Final terms. a) Non-callable. b) Coupon payable semi-annually. Non-callable. c) Fixed price reoffer - 99.40%. Non-callable.

IBJ loses top AAA credit rating

By Stephen Fidler, Euromarkets Correspondent

INDUSTRIAL Bank of Japan yesterday [illegible] top AAA credit rating from [illegible] and Poor's, the US [illegible] rating agency.

The change leaves only [illegible] Japanese bank, Norinchukin, the farmers' co-opera[illegible] bank, carrying the highest rating from both S&P and Moody's, the other main US rating agency.

The long-term debt rating of the Long Term Credit Bank of Japan [illegible] also downgraded one notch to AA- from AA.

S&P said the ratings changes partly reflected adverse developments [illegible] to interest [illegible] deregulation and increased [illegible] different types [illegible] financial institutions, which would lead to reduced profitability for both IBJ and LTCB.

Longer [illegible], the agency cited the dismantling of regulatory barriers separating various types of Japanese financial institutions. This will, they said, intensify competition in the domestic market as investors have more choices.

● IBCA, the London-based rating agency, yesterday upgraded BankAmerica Corporation's long-term rating from A to A+, citing a [illegible] improvement in capital [illegible] earnings. The [illegible] US agencies both give BankAmerica an A rating.

Committee may end trading problems

By R.C.Murthy [illegible] Bombay

AN END is in sight [illegible] [illegible]-old payments [illegible] that has gripped the Bombay stock exchange. The crisis in India's largest exchange has disrupted trading and left a trail of broker bankruptcies.

Five brokers have been declared defaulters for failing to meet their obligations as share values plunged by 20 per cent in half a dozen trading sessions in late January. Several other brokers are on the verge of default.

The market capitalisation of the 600 listed companies is down to Rs645.02bn from Rs1,050.95bn on October 9.

The five defaults, the extent of which will be known in a fortnight, [illegible] just the tip [illegible] iceberg. [illegible] settlement [illegible] now [illegible] behind schedule, [illegible] behind [illegible] work [illegible] trading volumes [illegible]drupled over [illegible] past four years.

The BSE has [illegible] complement of 550 brokers, [illegible] small, [illegible] indulge [illegible] over trading and become insolvent. At least two of the [illegible] defaulters were on the verge of bankruptcy earlier and [illegible] ordered to stay away from the market for several months. Most brokers lack the required infrastructure to cope with the growing business and the capacity to absorb shocks in a [illegible] phase.

Trading outside [illegible] ring, though prohibited, is rampant. Analysts say transactions recorded at BSE are believed [illegible] be half of the total trading. The authorities are not responsible for the other half, which has to be settled by brokers bilaterally.

Meanwhile, the stock exchange administration is to auction membership cards of the five defaulters.

An expert committee [illegible] up to suggest measures to improve liquidity of [illegible] to prevent broker [illegible]. State-owned [illegible] and [illegible] plan to open brokerages as part of market reform, but opposition from existing brokers, who fear they may lose their influence has stalled the move.

Footsie futures step out

Jim McCallum on the launch of [illegible] trading system

A [illegible] trading system for UK equity futures which could [illegible] important implications for the London [illegible] quietly launched [illegible] week. Almost a [illegible] after the International Stock Exchange brought its trading day for[illegible] by [illegible] hour, [illegible] London International Financial [illegible] (Liffe) [illegible] computer [illegible]nology [illegible] dealing in [illegible] capture more North [illegible] business.

[illegible] promotional [illegible]fare, Liffe [illegible] introduced [illegible] 100 [illegible] on [illegible] screen-based dealing system, [illegible] Pit Trading (APT). [illegible] main [illegible] already [illegible] on APT, [illegible] which [illegible] the life [illegible] trading [illegible] a computer [illegible].

At 4.32pm, 22 minutes [illegible] in [illegible] on [illegible] ends, APT begins. For [illegible] an hour, [illegible] can [illegible] UK [illegible] is closed.

One [illegible] the [illegible] advantages of APT is that it allows inves[illegible] tive [illegible] officially [illegible].

Something similar to this happened when [illegible] the exchange [illegible] mechanism [illegible] EMS [illegible]. The government [illegible] until just [illegible] London [illegible] making [illegible] prise [illegible].

[illegible] some equity [illegible] had [illegible] trating wait until [illegible] market reopened on the following Monday morning, gilt and money market dealers could hedge positions in the futures market, [illegible] was after-hours dealing on APT.

On the day ERM entry was announced, the Liffe gilt [illegible] contract [illegible] per [illegible] daily turnover in just one hour on APT, while dealing in interest rate futures reached nearly 40 per [illegible].

However, activity on this [illegible] exceptional. On an [illegible] day, [illegible] turnover on APT is 4 per [illegible] daily volume, with [illegible] using the market for technical purposes.

Nevertheless, over the last [illegible], turnover in [illegible] futures has steadily increased and has begun to exert the sort of influence [illegible] the UK equity market that US [illegible] have become [illegible] for. The addition [illegible] APT [illegible] likely [illegible] the profile [illegible] stock index futures.

[illegible] for [illegible] assuming a [illegible] important [illegible] in [illegible] London [illegible] has been the greater [illegible] shown in [illegible] products [illegible] institutions following [illegible] UK government's [illegible]sion, [illegible] last July, [illegible] exempt from [illegible] all [illegible] in futures by pension [illegible] and [illegible] unit [illegible]. The larger UK institu[illegible] introduction of APT [illegible] think they will [illegible] it only sparingly.

Mr John [illegible], [illegible] UK equity investment at Postel, which manages the Post Office and British Telecom pension funds, said the extra hour was likely to be of greater value to professional traders than [illegible] institutional investors. He [illegible] Postel would use APT "on occasions", and said the movements [illegible] New York would dominate the direction [illegible] trading.

But [illegible] active dealing on [illegible] equity market does spill over into after-hours trading it [illegible] likely that APT could influ[illegible] the [illegible] market.

Mr Harvey [illegible] director of equity futures at UBS Phillips & Drew, said: "When the [illegible] exceptionally volatile, APT will come [illegible] its own and will [illegible] useful indication on [illegible] the spot [illegible] will [illegible] trading [illegible] opens."

Institutional interest is [illegible] likely to come from the US, says Mr Tony Norman, director [illegible] at Barclays [illegible]. Since January 1990, Liffe members [illegible] had permission from US regulatory authorities to broke FT-SE futures [illegible] US users.

Liffe acknowledges that [illegible] underlying [illegible] trading, turnover [illegible] an [illegible] will [illegible] limited. But Ms Victoria Ward, director of product development [illegible] Liffe, [illegible] dealing [illegible] American Depositary [illegible] (ADRs), the trading instrument for UK securities in US markets, will help stimulate US interest in APT. With the 55 main ADRs accounting for more than 75 per [illegible] of [illegible] FT-SE index, the FT-SE futures is [illegible] useful hedging tool. The extra trading time provided by APT may well be attractive to those ADR traders.

CNT to restructure debt with buy-back

By George Graham in Paris

[illegible] Nationale des Télécommunications (CNT), the French state institution for funding telecoms development, is to carry out a FFr4bn to FFr6bn restructuring of its debt through [illegible] complex three-stage buy-back and bond [illegible] programme.

The programme involves the buy-back of seven CNT bonds [illegible] FFr1.1bn in cash, [illegible] by the placing of [illegible] new issue of 10-year bonds with [illegible] syndicate of banks. [illegible] will also offer this new bond in exchange for four other issues with only [illegible] short life remaining.

For another three [illegible] with [illegible] than six years left [illegible] run, and [illegible] which [illegible] issuer [illegible] option [illegible] reimbursing before maturity, CNT will [illegible] same [illegible] bond in exchange, but using for the first time a more complicated auction technique. In all, [illegible] programme targets [illegible] with a face value of [illegible].

J. P. Morgan et Cie and Caisse des Dépôts et Consignations, the [illegible] b[illegible] which [illegible] the operation, expect to retire close to FFr1.1bn through the cash buy-back, and perhaps 40 per cent to 45 per cent of the FFr7.3bn targeted by the two exchange offers.

The operation will allow [illegible] to refinance at longer maturities and [illegible] its borrowing costs. Several of the targeted issues are illiquid and with high coupons, as well as bearing withholding tax, so they trade at over [illegible] basis points above the yield on equivalent OAT government bonds.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thu Feb 14 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Feb 13 Index No.	Tue Feb 12 Index No.	Mon Feb 11 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (187)	786.83	+2.1	13.59	6.10	8.96	0.67	770.35	760.13	761.78	869.42
2	Building Materials (25)	1081.30	+1.4	13.28	5.61	9.27	0.45	1066.80	1051.57	1051.98	1051.69
3	Contracting, Construction (31)	1189.72	+0.2	15.10	6.62	8.59	1.46	1187.66	1174.82	1176.47	1457.48
4	Electricals (10)	2148.39	+3.2	13.03	6.21	9.39	0.80	2082.70	2073.63	2058.27	2462.70
5	Electronics (25)	1714.07	+2.2	9.30	5.22	14.33	1.10	1677.45	1644.17	1647.90	1933.23
6	Engineering-Aerospace (8)	409.15	+2.6	16.40	3.97	7.32	0.86	398.95	400.99	406.12	429.25
7	Engineering-General (47)	389.13	+3.4	15.01	6.60	8.03	1.15	376.19	372.40	369.11	464.85
8	Metals and Metal Forming (8)	439.89	+3.0	20.74	7.82	5.95	0.00	427.10	420.87	424.48	472.84
9	Motors (13)	314.02	+3.5	15.86	7.66	7.34	0.00	303.27	297.45	299.27	366.21
10	Other Industrial Materials (20)	1391.67	+2.1	12.11	5.84	9.54	0.71	1363.04	1341.06	1347.47	1564.72
21	CONSUMER GROUP (182)	1313.73	+1.4	9.22	3.97	13.46	2.72	1296.21	1287.72	1292.60	1262.15
22	Brewers and Distillers (22)	1668.71	+1.4	9.74	3.73	12.65	7.47	1646.21	1630.77	1633.90	1471.44
25	Food Manufacturing (20)	1110.23	+1.4	10.36	4.33	11.89	1.66	1095.18	1089.51	1093.30	1090.54
26	Food Retailing (16)	2473.91	+0.6	8.56	3.13	15.29	3.15	2458.34	2463.50	2477.42	2306.16
27	Health and Household (21)	2822.59	+1.2	6.36	2.71	18.66	0.47	2789.02	2777.95	2764.80	2472.29
29	Hotels and Leisure (22)	1232.42	+3.4	11.21	5.56	10.56	0.86	1191.55	1177.16	1177.60	1579.41
30	Media (25)	1277.88	+2.2	11.43	5.38	11.05	7.81	1250.96	1252.56	1256.23	0.00
31	Packaging & Paper (11)	578.55	+3.7	9.09	5.94	13.47	0.30	557.90	551.57	548.44	576.73
34	Stores (34)	837.75	[illegible]	10.14	4.36	12.83	1.67	838.00	826.45	845.46	794.35
35	Textiles (11)	453.65	+5.0	12.67	7.75	10.12	0.50	432.23	420.51	419.01	510.48
40	OTHER GROUPS (111)	1096.00	+1.6	11.77	5.46	10.28	2.51	1078.68	1075.83	1078.90	1184.50
41	Business Services (12)	984.58	+1.6	12.70	5.48	9.57	0.00	968.83	960.10	936.32	0.00
42	Chemicals (21)	1172.98	+1.6	12.12	6.08	9.73	0.63	1154.43	1150.68	1146.99	1194.07
43	Conglomerates (11)	1425.43	+0.8	12.04	7.23	9.90	6.83	1414.06	1409.60	1423.27	1620.62
44	Transport (15)	1965.67	+1.5	13.28	5.18	9.28	1.78	1936.32	1910.34	1894.17	2252.80
45	Electricity (12)	1136.43	+1.7	10.85	6.19	11.12	0.00	1116.92	1128.33	1132.94	0.00
46	Telephone Networks (3)	1234.59	+2.2	10.83	4.10	12.01	0.00	1207.54	1208.67	1218.26	1260.09
47	Water (10)	2469.08	+1.6	13.73	5.67	8.14	39.69	2431.15	2425.58	2463.27	2063.17
48	Miscellaneous (27)	1725.02	+1.3	10.93	5.25	10.66	1.22	1702.48	1693.91	1695.38	1877.10
49	INDUSTRIAL GROUP (480)	1119.30	+1.6	10.93	4.88	11.20	2.11	1101.74	1094.37	1097.83	1152.89
51	Oil & Gas (20)	2241.37	+0.1	9.98	5.84	13.09	7.42	2239.17	2268.68	2278.09	2438.32
59	500 SHARE INDEX (500)	1213.77	+1.4	10.80	5.01	11.43	2.52	1197.15	1192.42	1196.36	1259.41
61	FINANCIAL GROUP (98)	768.22	+0.9	-	6.20	-	1.00	761.34	762.26	768.06	825.39
62	Banks (9)	833.65	+0.3	19.11	6.97	6.85	1.61	830.77	831.53	843.77	866.99
65	Insurance (Life) (7)	1358.74	+0.4	-	5.65	-	0.00	1353.92	1377.12	1380.38	1363.03
66	Insurance (Composite) (6)	669.59	+2.2	-	6.39	-	0.00	655.32	658.68	665.61	702.93
67	Insurance (Brokers) (8)	1042.07	+1.2	7.10	6.19	18.46	2.15	1029.39	1031.54	1037.78	1108.77
68	Merchant Banks (7)	382.53	[illegible]		5.33	-	0.00	382.31	383.70	374.71	499.91
69	Property (41)	1016.33	+1.3	6.53	4.63	20.98	0.90	1003.24	990.75	995.60	1158.01
70	Other Financial (20)	261.82	+1.2	9.59	[illegible]	13.16	1.60	258.71	257.03	253.07	331.87
71	Investment Trusts (69)	1075.70	+1.7	-	3.76	-	1.24	1058.00	1046.68	1043.63	1216.05
99	ALL-SHARE INDEX (667)	1103.60	+1.3	-	5.15	-	2.14	1089.16	1085.46	1089.53	[illegible]

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 13	Feb 12	Feb 11	Feb 8	Feb 7	Year ago
FT-SE 100 SHARE INDEX♦	2294.4	[illegible]	2306.0	[illegible]6.2	2267.8	2264.5	2279.0	2245.2	[illegible]	2313.8

FIXED INTEREST

	PRICE INDICES	Thu Feb 14	Day's change %	Wed Feb 13	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	120.49	+0.06	120.41	1.54	1.65
2	5-15 years (31)	132.95	+0.26	132.61	1.93	1.94
3	Over 15 years (8)	142.62	+0.47	141.95	3.12	0.44
4	Irredeemables (6)	156.77	+0.47	156.04	3.05	0.00
5	All stocks (73)	131.42	+0.21	131.14	1.93	1.72
	Index-Linked					
6	Up to 5 years (2)	157.96	-0.04	159.05	0.10	1.03
7	Over 5 years (10)	145.09	+0.28	144.68	0.55	0.70
8	All stocks (12)	145.94	+0.25	145.64	0.51	0.73
9	Debs & Loans (54)	109.95	+2.49	107.28	2.79	0.68

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 14	Wed Feb 13	Year ago (approx.)
	British Government				
1	Low	5 years	9.34	9.40	10.73
2	Coupons	15 years	9.48	9.53	10.39
3	(0%-7¾%)	25 years	9.58	9.62	10.29
4	Medium	5 years	10.11	10.13	11.89
5	Coupons	15 years	9.84	9.89	10.78
6	(8%-10¾%)	25 years	9.75	9.82	10.40
7	High	5 years	10.27	10.29	12.03
8	Coupons	15 years	9.98	10.04	10.97
9	(11%-)	25 years	9.85	9.91	10.53
10	Irredeemables		9.83	9.88	10.34
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.78	3.74	4.51
12	Inflation rate 5%	Over 5 yrs.	4.12	4.14	3.93
13	Inflation rate 10%	Up to 5 yrs.	2.47	2.43	3.65
14	Inflation rate 10%	Over 5 yrs.	3.95	3.97	3.77
15	Debs &	5 years	12.03	12.47	13.49
16	Loans	15 years	11.74	12.13	12.76
17		25 years	11.48	11.81	12.75

♦Opening index 2278.8; 9 am 2278.4; 10 am 2287.6; 11 am 2304.1; Noon 2301.5; 1 pm 2296.0; [illegible] 2300.3; 2.30 pm 2298.5; 3 pm [illegible].5; 3.10 pm 2293.1; (a) 11.11am (b) 9.06am † Flat yield. Highs and [illegible] record, base dates, va[illegible] constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwa[illegible] Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	66	4	16
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	654	81	821
Financial and Properties	370	49	333
Oils	30	14	48
Plantations	1	1	8
Mines	34	24	107
Others	75	21	45
Totals	1,235	194	1,394

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§100	F.P.	-	95	58	‡Ehlos 10p	58		-	-	-	-
-	F.P.	-	3525	3525	Eurotunnel Finder. Wrnts.	3550		-	-	-	-
-	F.P.	-	100	90	JF Pacific (Wer Wrnts)	100		-	-	-	-
50	F.P.	-	46	43	Trio Inv. Tst.	44		-	-	-	-
-	F.P.	-	9	6	Do. Warrants	7		-	-	-	-

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
197	[illegible]	-	45pm	37pm	Tesco 5p	44pm	+3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 4
- Last Dealings Feb. 15
- Last Declarations May 16
- For settlement May 28

For rate indications see end of London Share Service

Calls in Appleyard, BTR warrants, Berisford Intl., Body Shop Intl., Braithwaite, Burton, Cannon Street Invs., Conroy Pet., Dares Ests., Ladbroke, P & P, Quotient, Sale Tilney, Stakis, Doctus, Standard Chartered and Unitech. Puts in Eurocopy, Ford Sellar Morris Props. and NatWest Bank. Put and call in Hanson warrants and Tusker Res.

LONDON TRADED OPTIONS

THE DERIVATIVE [illegible] cue from [illegible] as [illegible] continued to respond to the cut in [illegible] interest rates. Equity futures [illegible] higher in [illegible] two-way [illegible] had a [illegible] session, particularly in [illegible] options.

Strong buying of [illegible] stock market by [illegible] UK [illegible] and [illegible] closing [illegible] positions triggered [illegible] powerful early rally. Futures [illegible] were surprised when the FT-SE index broke decisively through the important 2,300 resistance level and thereafter followed the stock[illegible] lead.

There [illegible] still signs [illegible] some institutions were being [illegible] the index futures market due to a lack of stock. But the [illegible] in the underlying market appeared [illegible] be easing. Most of [illegible] larger institutional players were said to be [illegible] in the previous session, which [illegible] an [illegible]ance in [illegible].

The [illegible] 100 index [illegible] at 2,319, [illegible] 17 points on the day. In [illegible] trading, March [illegible] higher, closing [illegible] premium to [illegible] at 26 points [illegible] an [illegible].

[illegible] investors continued to [illegible] FT-SE index options as an alternative route to gaining [illegible]sure to the UK market. The March [illegible] the most popular, [illegible] lots. The day's [illegible] turnover [illegible] 10,176 contracts was up by more [illegible] third [illegible] weighted [illegible].

Stock options [illegible] actively [illegible], with Rolls-Royce still the busiest contract. Two [illegible] which changed hands, were [illegible] 160 [illegible] being [illegible] busi[illegible] 1,970 [illegible] Ladbroke 1,614; BTR 1,497; and [illegible] 1,141.

Option		Calls [illegible]	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*512)	460	68	74	87	4½	12	14
	500	36	47	58	12	25	28
	550	12	24	35	42	53	56
ASDA ([illegible])	110	22	26	28	1½	3	4
	120	13	19	21	4	7	9
	130	7	13	16	8	10	[illegible]
Brit. Airways (*147)	140	15	17	21	7	11	13
	160	5	8½	-	18	23	-
	180	2	-	-	[illegible]	-	-

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Unilever (*727)	700	45	62	83	20	28	33
	750	18	-	-	45	-	-
Ultramar ([illegible])	300	30	43	49	10	13	15
	330	14	25	32	23	28	30

Option		Calls Mar	Calls May	Calls Aug	Puts Mar	Puts May	Puts Aug
Elec. Pkg. (*£1845)	1750	145	195	-	25	30	-
	1800	115	165	-	40	60	-
Eastern Elec ([illegible])	160	14	22	28	3½	6	11

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Barclays (*400)	390	19	33	[illegible]	[illegible]	[illegible]	31
	420	6	17	24	38	43	45
Blue Circle (*249)	240	18	25	32	8	16	20
	260	7½	14	22	18	27	31
British Gas ([illegible])	240	10½	21	23	[illegible]	10	14
	260	3	9½	13	20	21	26
Dixons (*168)	160	12	23	25	5	9	12
	180	4	13	16	16	19	21
Glaxo	900	60	96	124	16	29	30

Profits fall to £8m and chief executive warns on future payments

Crest Nicholson supports dividend

By Andrew Taylor, Construction Correspondent

CREST NICHOLSON, the housebuilder and commercial property developer, said yesterday [illegible] would maintain its final dividend [illegible] would have [illegible] dig into reserves to [illegible] so.

A proposed final dividend of [illegible] makes the total a maintained 7.65p for the [illegible] end-October. Earnings per share dived to [illegible] (28.71p).

Mr Roger Lewis, [illegible] tive, warned, however, that the group might not [illegible] able [illegible] maintain [illegible] dividend [illegible] the current financial [illegible]. The outlook remained tough for the housing and commercial property markets in spite [illegible] this [illegible] half [illegible] percentage point reduction in interest rates.

"It is [illegible] very [illegible] cut [illegible] dividend and is not done lightly. [illegible] it would be [illegible] to [illegible] this stage with so much uncertainty [illegible] the Gulf War, [illegible] timing and [illegible] future [illegible] and the [illegible] these may [illegible] on the ability of companies [illegible] survive without further job [illegible] he [illegible]

[illegible] profits fell by more than three quarters from £37.12m to [illegible]. Mr Lewis warned that the [illegible] expected [illegible] in the first half of the current year.

Analysts expect full year profits [illegible] be about £5m [illegible] would mean the group would again have to raid [illegible] maintain the dividend.

Housebuilding in southern England and the [illegible] Midlands, [illegible] worst affected UK housing markets, incurred a loss of £3.33m compared with a profit [illegible] in 1988-89.

The [illegible] sold 1,370 houses, [illegible] 50 more than in the previous [illegible]. Margins, however, [illegible] hit [illegible] the [illegible] price [illegible] home, after [illegible] incentives, fell from £95,000 [illegible]

Commercial property profits [illegible] fell sharply, from £15.32m [illegible] away from the sector. The only area to see an increase in profits was the construction and leisure division – mainly contracting in southern England – ahead from £5.57m to £7.25m. Contracting margins more recently [illegible] come under pressure.

Profits this year of £5m would [illegible] the group breaking even on housing and making about £2.5m each from property and contracting.

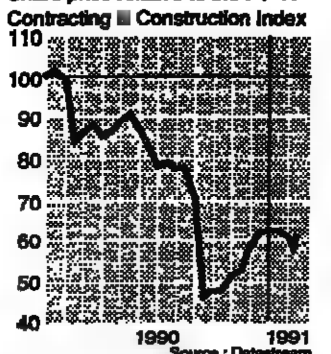
The balance sheet, however [illegible] in relatively good shape with net borrowings of £58m equivalent to 38 per [illegible] of shareholders funds. It has no off-balance sheet debt and [illegible] not capitalise interest.

Mr Lewis said: "Our maximum exposure to the commercial property market, assuming [illegible] built everything, is [illegible] of which only £60m would [illegible] financed by borrowings.

[illegible] said gearing would only [illegible] if the company decided [illegible] buy more land to [illegible] up for a housing [illegible] in 1992.

See Lex

David Donne, chairman



Storehouse appoints [illegible] finance director

By John Thornhill

STOREHOUSE, the retailing group, has appointed a new finance director to replace Mr Bob Mackenzie, who left the company after an acrimonious dispute last October.

He is Mr David Simons, currently group finance director of the House [illegible] Fraser department store chain. He will take up the post in May.

[illegible] does not believe that [illegible] delay in his joining will prove [illegible] problem because it has already drawn up its financial budgets for the year under [illegible] guidance of Mr Michael Julien, chief executive.

Unlike Mr Mackenzie, the 43-year-old Mr Simons has had a long involvement in the retail sector. After a spell at Burton Group, he worked at UDS Tailoring where he was part of the buy-out team that created Collier Holdings. In 1984 he became finance director of the European operations of Toys R Us.

[illegible] will [illegible] a tough job helping to put Storehouse on a firm [illegible] to [illegible] in [illegible] current unforgiving market conditions. [illegible] Mr Simons [illegible] expected [illegible] "make the [illegible] sweat [illegible] bit".

Like most retailers, [illegible] house, which runs [illegible], Mothercare, [illegible] and [illegible] chains, experienced [illegible] appointing Christmas. [illegible] last [illegible] "bloody [illegible] weather.

GPA shows modest advance to $196m

By Kieran Cooke in Dublin

GPA, the world's leading [illegible] leasing company, returned after-tax profits of $196m (£99m) for the nine months to December 31, a 9 per cent rise on the equivalent period in 1989.

Turnover rose to $1.49bn ($1.25bn) and earnings [illegible] share in the privately-held group, based [illegible] Shannon in the Irish Republic, rose 6 per [illegible] to $1.65.

While the results might be deemed to be satisfactory in the present turbulent times in the aviation industry, the profits rise was very modest compared to figures of previous years, when gains of between 50 and 60 per cent were the norm.

Mr Tony Ryan, founder and chief executive of the group, said the results demonstrated GPA's ability to make good returns even in difficult circumstances. He added, however: "GPA cannot insulate itself fully from the current downturn in commercial [illegible]tion. In times as uncertain as these, all comment about the future must be tentative and it would be imprudent to attempt a short term forecast".

Mr Maurice Foley, GPA's deputy chairman, said there was [illegible] doubt [illegible] the group's customers were taking longer [illegible] make decisions and some were in financial difficulties.

He said GPA had built itself a good defensive position to weather the present problems in the aviation industry and pointed out that there was no [illegible] for [illegible] group's [illegible] to be nervous.

Mr Foley added that while there were obvious difficulties in the US and Europe there was still demand elsewhere for aircraft. He said GPA would probably lease 25 aircraft to China this [illegible]

The group [illegible] it had "substantial" cash reserves and over $2.4bn of committed and undrawn credit lines available.

Substantial downturn expected [illegible] Eurocopy

By David Owen

SHARES OF Eurocopy fell sharply yesterday after the office equipment supplier warned that pre-tax profits for the year to September 30 would be "substantially less" than the £11.3m reported last time.

The shares plunged 59p to close at 95p, valuing the company at [illegible]. They peaked at 256p last August.

Eurocopy blamed the [illegible] back on the poor performance of its Purdie [illegible] Kirkpatrick and Equipu [illegible]esses acquired from Sketchley in March 1989.

Mr Michael Armitage, finance director, said that [illegible] petitors had armed their sales forces with "abstracts from Hansard and damaging press cuttings." The company, whose core business is trading satisfactorily, had concluded that the downturn had "a lot to do with" that, he said.

The group last year admitted past malpractice relating to a type of flex lease offered by P&K. It said that the malpractice was "stamped out" in the wake of staff changes made in February 1990. The matter has caught the attention of Mr Nigel Griffiths, a Labour MP.

Eurocopy *also* said that there was "some evidence" that the economic climate was "either causing businesses to defer purchases of additional equipment or preventing them from doing so because they are no longer acceptable credit risks to leasing companies.

"It [illegible] anticipated that [illegible] reduction in additional [illegible] will result in a lower [illegible] growth [illegible] current year in [illegible] number [illegible] copies produced by customers' photocopiers."

Brierley's IEP sells its stake in William Low

[illegible] Securities, the UK investment [illegible] of New Zealand entrepreneur Sir Ron Brierley, yesterday [illegible] 20 [illegible] stake in William Low, the Dundee-based food retailer, which it had built up over several [illegible], writes Andrew Bolger.

IEP [illegible] the shares [illegible] Goldman Sachs, which then [illegible] them [illegible] to [illegible] variety of institutions at [illegible] each.

The shares closed 15p [illegible]. IEP [illegible] made [illegible] book profit [illegible] on the [illegible] deal.

[illegible] the latest [illegible] series [illegible]-raising exercises by IEP, which last [illegible] 20 per [illegible] in Vickers, [illegible] engineering, [illegible] and luxury [illegible] group, for £100m.

Sir Ron is keen [illegible] reduce the indebtedness of Brierley Investments, IEP's parent company, which recently acquired Mount [illegible] Investments, the UK hotels group, for £644m.

P&P restores some lustre to sector with 18% rise to £13m

[illegible] Alan Cane

P&P, the Lancashire-based microcomputer distributor [illegible] computing services company, yesterday reported results which restored [illegible] lustre [illegible] sector which [illegible] taken a battering in recent months.

A good second-half performance lifted pre-tax profits [illegible] the year [illegible] November 30 by 18 [illegible] cent [illegible] (£11.07m).

Sales were £223.79m (£168.87m). Earnings per [illegible] to 18.5p (20p). The [illegible] for the year, however, is increased by 20 per cent [illegible] 4.25p, via [illegible] final [illegible] 3p.

The share price rose 18p to 80p [illegible] news. [illegible] July [illegible] reached [illegible] high [illegible] before [illegible] rights [illegible] £26.7m. A series of brokers' adverse reports and jitteriness in [illegible] computing services mar[illegible] resulted in [illegible]

Mr David Southworth, [illegible] aging director, said the [illegible] vindicated [illegible] company's strategy [illegible] moving into computing services [illegible] developing Euro[illegible] operations.

[illegible] hoped [illegible] within [illegible] few [illegible] be [illegible] equally [illegible] UK and mainland Europe.

The recently acquired Belgian and [illegible] subsidiaries [illegible] expected to contribute [illegible] 15 per cent [illegible] 1991 [illegible]. [illegible] decline in [illegible] share price, however, was making it difficult [illegible] carry [illegible] acquisitions on [illegible] Continent.

[illegible] has just completed [illegible] reorganisation [illegible] divisions. Corporate systems, [illegible]ering sales of products and [illegible]vices [illegible] companies like ICI, British Aerospace and Rolls Royce [illegible] expected [illegible] contribute 50 per [illegible] of [illegible]. Distribution services, [illegible] put in [illegible] per cent, is the [illegible] microcomputer [illegible] business. The other divisions are new technologies [illegible] per [illegible], principal distribution [illegible] Apple Computer add-on equipment (12 [illegible] cent) [illegible] Europe.

■ COMMENT

P&P [illegible] reaping the [illegible] of firm financial management conspicuously lacking in [illegible] of [illegible] competitors and a determination [illegible] turn away from microcomputer distribution, where margins [illegible] narrow, to computer [illegible] greater opportunities to [illegible]. The [illegible] for the sector [illegible] difficult, however, [illegible] it is becoming meaningless to compare P&P [illegible] other computer distributors, or indeed [illegible] houses. Total [illegible] are remarkable for a computing [illegible] company. Other positive factors include [illegible] six-year record [illegible] growth in sales and pre-tax [illegible] blue chip [illegible]ers. Analysts are predicting profits of between £8m [illegible] £12m next year; at 80p [illegible] a p/e of [illegible] the [illegible] look good [illegible].

Prudential sells more estate agencies

By Michiyo Nakamoto

Prudential Property Services, [illegible] property arm of the Prudential Corporation, is [illegible] network in [illegible] region [illegible] the UK [illegible] Connell Residential, [illegible] subsidiary [illegible] Scottish Widows Fund and Life Assurance Society, for £4.5m.

The portfolio includes [illegible] residential estate [illegible] branches and related professional ser[illegible] businesses [illegible] lettings, [illegible] valuations.

This is the second sale that has been [illegible] since Prudential declared its intention in November to put its loss-making estate [illegible] network of 500 b[illegible] up for sale. The first [illegible] the sale of 191 estate agency [illegible] in the Thames and Eastern regions to Woolwich, [illegible] UK building society, for £20.75m.

Proceeds from the [illegible] will be [illegible] develop [illegible] mainstream activities, said Mr [illegible] Newmarch, [illegible] executive. The company said that it [illegible] in discussions with a num[illegible] parties [illegible] in the remaining two regions of [illegible] network in [illegible] north and south [illegible].

The purchase [illegible] the Pru's [illegible] region branches will double the [illegible] Connell's residential property operations.

NSM shares dive after warning of second-half loss

By David Owen

NSM, the mining and building products group, yesterday [illegible] more than [illegible] third [illegible] its market value after warning [illegible] results for the year to March 31 would [illegible] "significantly lower" than in [illegible]

[illegible] fell 11p [illegible] 21p, valuing [illegible] group [illegible]. They have slipped from 106p over the past 12 months.

The [illegible] ber reported [illegible] 32 per [illegible] fall [illegible] £7.2m in [illegible] pre-tax profits, said [illegible] would record [illegible] second-half loss "in [illegible] absence of profits from [illegible] sale [illegible] properties."

[illegible] said [illegible] regarding payment [illegible] final dividend remained "under review." In [illegible] to [illegible] 31 1990 the company lifted tax[illegible] profits from [illegible] of £171.4m (£110.93m).

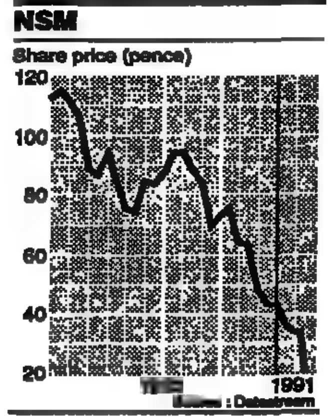
NSM [illegible] yesterday's setback on the "sharp decline in the UK building and property sectors" which it said [illegible] materially affecting both [illegible]ing results and planned prop[illegible]

"[illegible] of the UK [illegible] have taken longer than anticipated to [illegible] tion to group profits," it said.

"This has resulted in higher-than-planned [illegible] borrowings and consequently increased interest charges for the year."

Mr Don Carr, chairman and chief executive, said that he [illegible] expected year-end gearing to be "in [illegible] of 100 per [illegible]"

"All of our [illegible] companies but one [illegible] been trading profitably [illegible] the operating level," he said. A [illegible] the group's strategy [illegible] operations has been [illegible]



DIVIDENDS ANNOUNCED

	Current payment	Date of payment	[illegible]-ponding dividend	Total for [illegible]	Total last [illegible]
Assoc Nursing § ......int	1☆	Apr 12	1	-	3
BP ......fin	[illegible]	[illegible] 7	3.95	16.05	[illegible]
Crest Nicholson ......fin	[illegible]	Apr 1[illegible]	4.65	7.65	[illegible]
Glasgow Inc Tst ......int	0.8	May 31	[illegible]	-	3.15
[illegible] Intl ......int	1.2	Apr 8	1.2	-	[illegible]
P&P ......fin	3†	-	[illegible]	4.25	[illegible]
Sheraton Secs ......int	nil	-	2	-	[illegible]
Tst of Property ......fin	1.364	Apr 8	1.212*	1.364	1.212*
Usher (Frank) ......int	1.5	Apr [illegible]	2	-	6
Yeoman Inv Trust......fin	1.5	Apr [illegible]	1.25	[illegible]	[illegible]

[illegible] pence per [illegible] *Equivalent after allowing [illegible] scrip [illegible]. †On capital increased by rights [illegible] acquisition [illegible]. ☆Carries scrip alterna[illegible].

Scowcrofts hold £0.75m Gaynor debentures

By Clay Harris

The Scowcroft family, controlling shareholders [illegible] Gaynor Group, the plastic [illegible] manufacturer to [illegible] administrative receivers were appointed [illegible] Wednesday, are among [illegible] secured creditors of the company.

Through Rothschild Trust Management, family interests hold £750,000 in debentures which rank [illegible] with the fixed and floating charge National Westminster [illegible] over Gaynor's [illegible]

NatWest and the trust asked for receivers to be appointed after Gaynor's board gave up hope on Monday of arranging refinancing [illegible] finding an [illegible]quate [illegible] for the business.

[illegible] Glyn Jones, Gaynor's chairman, [illegible] yesterday: "The board did explore every avenue in [illegible] directions." However, he [illegible] news of the [illegible] pension last week had elicited approaches which might still bear fruit for the receiver.

The debentures were issued last summer [illegible] help keep Gaynor [illegible] after ABN Bank withdrew facilities.

Weak dollar, tax and chemicals hit BP

By Deborah Hargreaves

THE RISE in oil prices caused by the Gulf crisis underpinned British Petroleum's [illegible] per [illegible] in fourth quarter post-[illegible] profits [illegible] £345m to £456m on [illegible] replacement [illegible] basis.

However this increase [illegible] declining chemicals sector, higher [illegible] charges and [illegible] against the pound which all [illegible] a 12 per [illegible] drop in full-year net profits [illegible] £1.2bn (£1.36bn).

The [illegible] in [illegible] prices [illegible] of BP's exploration and production division where pre-tax profits rose during the year to £1.69bn from 1989's level of £1.4bn.

But tax charges [illegible] high, taking the net [illegible] ure for exploration and produc[illegible] £1bn.

BP's crude oil output dropped [illegible] slightly last year to 1.32m (1.41m) barrels a day (b/d), largely due to disruptions [illegible] in [illegible] and [illegible] North Sea.

[illegible] sale of [illegible] added £1.3bn to the company's bottom line [illegible] year and it [illegible] to [illegible] a further £1bn-£2bn [illegible] divestments this year. BP sold [illegible] production and exploration interests in France, [illegible] and the [illegible] as well as some properties in [illegible] Norway.

This year BP should see a substantial stock loss from the drop in oil prices – at least in the first quarter – which will partly, but not fully, be offset by rising refining margins in Europe and the Far East. Refining margins in Europe have risen to almost three times their normal level this year – from about $3 a barrel to $9.

But the company has faced a poor refining market in the US where the production of refined products is not offering any margin at all over the sale of crude oil. That is one reason for the drop in refining profit in the company's fourth quar[illegible]

The chemicals division should see [illegible] operating margins restored to the level they reached before [illegible] year's invasion, but this [illegible] still not very high.

The company said the outlook for chemicals remained blighted by the recession in the US and Europe.

Goodman wins another round

Goodman International has won another round in [illegible] fight for survival. Mr Desmond O'Malley, the Irish industry and commerce minister has agreed [illegible] allow [illegible] banks to take a 60 per cent stake in the company. [illegible] decision was based on whether [illegible] banks taking control was contrary [illegible] "the common good".

UK COMPANY NEWS

Generating a source of interest

Clare Pearson on the flotation plans for Nat Power and PowerGen

BRITISH investing institutions are undergoing a novel experience: they are having to compete with each other for shares in the privatisation flotation of the two electricity generators, National Power and PowerGen.

In an effort to draw out clear signals from the City prior to announcing the price for the shares next Friday, the government is building a book of how much stock institutions say they would be prepared to take at different price levels.

The current exercise is not revolutionary: soundings are always taken to indicate where institutional demand lies prior to pricing a new issue. But it does represent a more rigorous approach to doing so. The government hopes competition will improve the price it gets for the shares.

Maximising proceeds from the sale is a cause very dear to the heart of Mr John Wakeham, the energy secretary, recently stung by accusations that he had given the regional electricity companies away for a song when their flotation proved a run-away success last autumn.

The novel bidding process appears so far to have provoked mixed reactions from potential underwriters. The government's stockbrokers for the issue, led by James Capel, say that some seem to have had difficulties working out what to do. Others say they welcome the opportunity to bid aggressively, and so get the chance for a larger slice of the underwriting.

However, many point out that the bidding has – so far – been conducted against the background of a rising market. Trying to carry out the process in a difficult market could prove much more tricky.

But if it runs smoothly government advisers say they would envisage repeating it in future. It could also set a precedent for similar big initial offerings of shares, once the new issues market has revived.

Book building also follows the way in which regional co-ordinators of the overseas portion of privatisation issues conduct pricing discussions with their investors. It goes like [illegible]

Ashley Ashwood

John Wakeham – retaining discretion over how generous he chooses to be

Earlier this week, the government set a "sounding shot" range at which it was prepared to consider bids to underwrite the shares from institutions. The bidding is conducted on the basis of pro forma gross dividend yields: that is, the notional yield based on the companies' forecasts of the dividends they would have paid if they had been privatised for a full year.

The highest yield the government said it would consider, and therefore that which put the lowest value on the shares, was [illegible] per cent, and the lowest [illegible] per cent.

The government's stockbrokers know the names of the institutions which bid at which level but the government and Kleinwort Benson, its financial adviser, do not. Today, Kleinwort will start analysing where the bids fell. Next week, institutions will be given another, narrower, range within which bids will be accepted, prior to pricing the shares next Thursday night.

Aside from being more formalised than normal soundings, the book building also results in changes to the way allocations are to be made to the different underwriters next Friday.

These will not purely be determined by the levels at which underwriters submit bids in next week's round. However, Kleinwort has said it will favour people prepared to accept higher prices. That is in contrast to the traditional procedure whereby institutions are simply given an allocation according to their provision in the underwriting list.

However, measuring the success of the process in terms of the price the government achieves will be a rather theoretical exercise, since no-one will be able to say how much the government would have got for the shares if it had not carried it out.

In another measure designed to extract better value for the taxpayer, the government has decided to dispense with the group of banks who normally act as primary underwriters, before passing the shares on to the institutional underwriters, at a saving of a few million pounds.

It also plans to hold a "proper" tender just before stock market dealings start next month whereby a portion of the shares, to be underwritten next Friday, will be put up for sale again at the highest [illegible]. Here underwriters will be invited to bid again for stock at levels reflecting the expectation of where they will trade on the market.

At the moment, institutions are doing no more than providing information on which the government will judge how to set the fixed price for the shares. Mr Wakeham retains discretion over how generous he chooses to be. In practice, however [illegible] on proceeds, he is unlikely to pitch the pricing at the most aggressive possible price.

That is because the government intends to sell up to 50 per cent of the shares to the British public, which expects to see buoyant demand for the shares and early trading profits immediately after the flotation.

NEWS DIGEST

Frank Usher falls 29% to £505,000

REDUCED gross margins in the UK and non-immunity to bad debts hit Frank Usher Holdings in the six months to November 30 1990, and pre-tax profits declined 29 per cent from £708,000 to £505,000.

Earnings per share dropped from 6.6p to 4.7p, and the interim dividend is cut from 2p to 1.5p. The 1989 profit was after exceptional costs of £67,000.

Mr Christopher Norland, chairman of this USM-quoted ladies-clothing maker, said the level of sales had been maintained in difficult markets and turnover rose to £8.19m (£7.69m).

Although orders for [illegible] spring/summer 1991 collections had not reached the level of the previous year, they had held up well, he said.

Yeoman Inv nav falls to 134.7p

Yeoman Investment Trust reported net asset value per capital share of 134.7p at the end of 1990 compared with 188.9p a year earlier.

After tax revenue for the year to December 31 was higher at £3.22m (£2.98m) after franked investment income increased from £3.33m to £3.62m. Earnings per income share came out at 13.06p (11.89p).

A final dividend of 1.5p is recommended making a total of 13.6p, against 12.25p.

Offshoot problems hit Assoc Nursing

Problems in its Weston & Ross subsidiary made inroads into interim [illegible] Associated Nursing Services. Pre-tax profits at the USM-quoted company fell from £1.78m to £631,000.

From turnover of £9.35m (£2.76m) operating profit advanced to £1.84m (£745,000); but higher net interest of £775,000 (£373,000) and an exceptional charge of £438,000 (credit £1.4m) left their marks.

Mr Nick Dhandsa, chairman, said losses at Weston & Ross led to a number of its activities being discontinued, with accounting write-downs.

The exceptional charge comprises £488,000 trading loss less £50,000 profit on sale of a nursing home. Last year the credit represented the capital gain on the disposal of two homes.

In spite of that setback and that the general economic climate remained unhelpful, the core healthcare business was performing satisfactorily, he said.

Although Weston & Ross would incur further losses in the second half, he was sure it would return to profitability.

Earnings plunged to 11.6p [illegible] and the interim dividend is held at 1p. Certain shareholders, including all the directors, have requested a scrip alternative and that option will be open to [illegible]

Trust of Property revenue rises

Net assets per share of Trust of Property Shares, an investment trust, fell from [illegible] to 79.75p over the 12 months to December 31.

The book value of its principle equity holding in Tops Estates fell by 14.5 per cent but holdings in companies based in the Midlands, north of England and Scotland showed advances.

Net [illegible] for the year increased to £102,328 (£93,855) for earnings per share of 1.55p (1.42p). Directors are proposing a single final payment of 1.364p (1.212p).

GT Venture Trust assets decline 5%

At December 31 asset value per ordinary share of the GT Venture Investment Company stood at 120.7p, a decrease of 4.7 per cent on the 126.7p standing six months earlier.

After-tax profits worked through at [illegible]

Basic earnings per share emerged at 1.42p (2.87p). On a diluted basis, the figure amounted to 0.7p (1.46p).

Founder's son leaves Strong & Fisher

Strong & Fisher, the leather manufacturer now controlled by Hillsdown Holdings, confirmed yesterday that Mr Richard Strong, former managing director, had "relinquished his roles as an executive and director of the company".

Mr Strong, whose father founded Strong & Fisher in 1931, was paid £135,000 in the year to June 29 1990. Hillsdown refused to comment on [illegible] compensation he would receive.

See Observer

COMMODITIES AND AGRICULTURE

Moscow given warning of looming crisis on farms

By Quentin Peel in [illegible]

A GRIM new warning about [illegible] prospects for [illegible] agriculture this [illegible] has been issued in Moscow, revealing that millions [illegible] of land have not [illegible] prepared for spring sowing.

At the same time, lack of [illegible] parts, and a failure to carry out normal winter maintenance has [illegible] a record number of [illegible] and combine harvesters out of action.

First indicators [illegible] the looming crisis have come from deliveries [illegible] and milk from all parts [illegible] the country in January, according to Mr N.V. Krasnoshchenkov, deputy chairman of [illegible] food supply commission.

In an interview [illegible] Pravda, the leading Communist Party newspaper, he said there [illegible] be between 20 and 25 per [illegible] cultivators, ploughs and combine [illegible] working on [illegible] and collective farms than last year, and fewer [illegible] than at any time in the [illegible] years, because of the lack of [illegible] parts.

He said that 16 per cent of [illegible] and half the total number of combines had not been repaired.

Meanwhile, 20m hectares [illegible] land [illegible] not ploughed in the autumn for spring sowing, and 4m hectares of winter fields had not been sown.

"All this means that [illegible] amount of spring agricultural works will increase by 25 per cent," Mr Krasnoshchenkov [illegible].

"If the peasants are not [illegible] help, they will simply refuse [illegible] and [illegible] potatoes and [illegible] vegetables.

"Warnings are coming from everywhere. The [illegible] are already visible." [illegible] said meat deliveries in January [illegible] down by [illegible] below the level of January, [illegible] per cent, and milk [illegible] by [illegible] tonnes, or 13 per cent.

In spite [illegible] widespread chaos in [illegible] Soviet [illegible] farmers managed to produce a record 240m-tonne harvest [illegible] year, but purchases by state [illegible] still fell far short [illegible] central needs for bread and pasta making. [illegible] explanation was that wheat [illegible] used to feed live[illegible] on [illegible] farm, instead of animal fodder.

The dislocation of Soviet agriculture seems [illegible] be [illegible] worse, with agricultural equipment manufacturers [illegible] running into difficulties. It was reported this week that [illegible] giant Volgograd tractor plant had been brought [illegible] standstill [illegible] lack [illegible] rolled steel.

[illegible] the extent of [illegible] decline [illegible] Soviet agriculture could be exaggerated by [illegible] fact that former [illegible] notoriously inflated from the farm gate upwards, [illegible] today they [illegible] likely to [illegible] more [illegible].

London trade house in default

By David Blackwell

THE LONDON Clearing House yesterday declared Woodhouse, Drake & Carey (Commodities), one of London's oldest commodity trading firms, in default.

The move follows news late on Wednesday that the Association of Futures Brokers and Dealers had intervened in the investment [illegible] the firm. The association, which regulates futures trading in London under the Financial Services Act, said it used its powers "for the protection of in[illegible]".

The London Clearing House, part of the International Commodities Clearing House, said it was "taking steps to achieve an orderly winding down" of Woodhouse's positions. All its positions were being transferred to other clearing house members.

The AFBD said its order prevented the firm from entering [illegible] any transactions without the consent [illegible] the [illegible]tion's [illegible]. It had intervened [illegible] of financial problems in other parts [illegible] the Woodhouse Drake [illegible] Carey group.

Woodhouse Drake [illegible] Carey's physical [illegible] arm [illegible] larger than [illegible] futures [illegible] firm. No-one from [illegible] company was available for [illegible]ment yesterday.

Two [illegible], Woodhouse withdrew from the cocoa market and it [illegible] become [illegible] involved in coffee. But [illegible] big operator in the grains [illegible] vegetable oils markets through offices [illegible] and Singapore.

Sugar surplus estimate raised

F.O. LICHT, the German statistics agency has raised its estimate of the world [illegible] surplus in 1990-91 (September-August) [illegible] from the 1.63m tonnes it was predicting in October, [illegible]ing to London traders, reports Reuters.

It has now lifted its production estimate to 112.80m tonnes from 111.98m while the consumption estimate has been cut to 109.47m tonnes from 110.36m.

Australia 'blasted out of wheat market' by US-EC subsidy war

By [illegible] Brown in Sydney

AUSTRALIA'S HARD-pressed rural [illegible] received [illegible] blow yesterday when wheat farmers [illegible] told that their crop would [illegible] only A$115 [illegible] a tonne, compared with A$195 last year.

Mr John Lawrenson, managing director of [illegible] Australian [illegible] Board, [illegible] forecasts of [illegible] could not be realised because of [illegible] competition from the [illegible] and [illegible] European Community. "We have [illegible] forced [illegible] negotiate [illegible] sale of a significant portion of this year's crop [illegible] a subsidy [illegible] has been raging, and as [illegible] consequence it [illegible] become obvious [illegible] our earlier prediction of [illegible] not be met," Mr Lawrenson said.

"In simple terms we have [illegible] blasted out of [illegible] market by [illegible] subsidy policies of our competitors."

Australia [illegible] complained frequently [illegible] the US and the EC in [illegible] that [illegible] was being excluded from world [illegible] by cheap subsidised grain selling [illegible] about [illegible].

Recently, the US [illegible] that it [illegible] prepared to [illegible] subsidy budget [illegible] US$1.2bn in 1992, in [illegible] move it claims will force the EC to negotiate towards [illegible] free market in grains.

"Right now the [illegible] 10m tonnes of [illegible] wheat, much of it [illegible] credit, [illegible] offer around the world. That is [illegible] as much as [illegible] exports in a year," Mr Lawren[illegible] said.

"The bureaucrats in Washington and [illegible] would have you believe [illegible] they specifically target their subsidies, and [illegible] they have no [illegible] outside the recipient countries. That is nonsense. The reality is that their (so-called) red [illegible] spec[illegible] a ripple right through [illegible] world [illegible] market and we are the victims."

[illegible] Lawrenson [illegible] could have chosen [illegible] grain until [illegible], but [illegible] now [illegible] avoid holding [illegible] about [illegible] tonne and [illegible] protect [illegible].

The [illegible] Bureau of Agricultural and [illegible] Economics recently [illegible] wheat prices would [illegible] next year [illegible] about A$150 [illegible] tonne, but [illegible] being [illegible] with scepticism growers, [illegible] of whom fear prices will stagnate unless [illegible] subsidy war [illegible] stopped.

The lower [illegible] price [illegible] is the [illegible] piece of bad news this [illegible] for the rural sector, following the suspension on Monday of the guaranteed price [illegible] in the [illegible] industry. The average price of Australian clean wool is expected to halve [illegible] about [illegible] Australian cents [illegible] kilogram when [illegible] resume, probably [illegible] February 25, and many [illegible] growers will make a loss in the season beginning in [illegible].

Panama offered banana investment

By Leslie Crawford, recently in Panama

CHIQUITA BRANDS, the world's biggest exporter of bananas, [illegible] proposing [illegible] invest $100m in Panama if President Guillermo Endara's government abolishes [illegible] on banana exports and liberalises the country's labour laws.

The company's [illegible] subsidiary, Chiriqui Land Com[illegible], [illegible] it will not comment on the offer while it remains under discussion. The government [illegible] reported to be [illegible] the proposal as Panama is [illegible] foreign investment.

The Chiriqui Land Company [illegible] two-thirds [illegible] Panama's banana [illegible] and has [illegible] monopoly [illegible] the country's exports. Abolition of the export tax would save it $14m [illegible].

Panama ranks seventh in world production but its high-quality fruit is prized in Europe, especially Germany, which takes [illegible] of its produce. Chiquita's expansion plans in Panama were probably spurred by German reunification and the opening of eastern European markets.

The presidents of Latin America's banana-producing countries will meet on the Caribbean island of San Andres today to work out a common strategy for breaking into the world's biggest market for bananas – Europe, Reuter reports from Tegucigalpa.

In their first meeting in 17 years, the banana producers will explore ways to work together to tap into the EC and east European markets, officials said.

[illegible] study by the Union of Banana Exporting Companies estimates that the political changes in eastern Europe could increase the demand for bananas by 40m boxes a year – the equivalent of Panama's entire production in 1990.

The euphoria created by the prospect of satisfying hungry consumers in [illegible] Europe has been [illegible] dampened this year by the recession in the US and Britain.

The banana-producing countries – Panama, Colombia, Venezuela, [illegible] Guatemala, Nicaragua and the Dominican Republic – are also concerned about the EC's plans to create a unified market. They are holding talks with the EC to ensure that its bananas do not suffer more discrimination [illegible].

In Panama, [illegible] celebrating a record year for exports. The 40m boxes (18kg each) represented the first time Panama has achieved its full production potential. But the success masks continuing frictions between the Chiriqui Land Company and independent producers, who account for a third of the country's export crop.

The battle, as always, is over the price the company pays independent growers for their produce. Attempts in the past to set up [illegible] rival Panamanian exporting company failed miserably, mainly because independent growers [illegible] compete with Chiquita's world marketing network.

So Panama's independent producers are compelled to sign five- and 10-year supply contracts with the Chiriqui Land Company. In a good year, Chiquita creams the profits. In [illegible] bad year, independent grow[illegible]rs have a guaranteed buyer and are shielded against losses.

Gulf war poses threat to plant gene banks

By Geoff Tansey

THE GULF war [illegible] threatening [illegible] banks [illegible] contain [illegible] vital [illegible], according to [illegible] report published today by Genetic [illegible] Action International (Grain).

[illegible] largest [illegible] in the region – [illegible] Tel Aviv, [illegible] Israel, and Aleppo, [illegible] Syria – are [illegible] highly vulnerable [illegible] attack, [illegible] report [illegible] house [illegible] samples respectively, [illegible] other smaller banks in Iraq [illegible] Syria are [illegible].

Many important [illegible] originated in the region, including [illegible] wheat and durum wheat, barley, [illegible], chickpeas, [illegible] and [illegible] wide [illegible] nuts, fruits and spices.

[illegible] farmers [illegible] developed [illegible] thousands of [illegible] impressive [illegible] varieties with [illegible] other environmental [illegible] crucially important [illegible] global climatic changes [illegible]ing, according [illegible] Grain, an international, non-profit-making organisation campaigning [illegible] the [illegible] rational [illegible] of plant genetic [illegible].

[illegible] "erosion", [illegible] local varieties [illegible] replaced by a [illegible] high-yielding varieties, already threatens future breeding programmes, Grain says. [illegible] before [illegible], local [illegible] samples from [illegible] mous diversity and store them [illegible] banks were woefully inadequate in [illegible] of [illegible] region, it claims.

"Most of the well-adapted farmers' varieties and wild rel[illegible] either lying exposed in the field or are camped up in [illegible] and international research centres", says the report.

A [illegible] post-war effort [illegible] establish [illegible] locally-controlled [illegible] system [illegible] needed, believes Grain.

"The world [illegible] depended on Middle [illegible] for a long time", observes Mr Renee Velve, [illegible] official of Grain, "the crops and semi-wild plants that they grow [illegible] use contain unique forms [illegible] drought [illegible] will be useful [illegible] maintain farming systems against the impact of rain failure and extended desertification. Let us hope that the farmers survive to sow these future seeds".

Genes in the Gulf; Seedling, Feb [illegible], Vol [illegible] No 1. Published by Grain, Apartado 23398, [illegible] Barcelona, Spain.

India has plenty more fish in the sea

Kunal Bose outlines plans to make better use of marine wealth

INDIA'S SEAFOOD industry [illegible] making [illegible] fulfilling [illegible] potential [illegible] become [illegible] leading supplier to [illegible] world market, despite feeling [illegible] the Gulf war.

Catch rates have been affected by a shortage of diesel that has restricted deep [illegible] fishing and exporters have had to contend with some disruption of shipping. But according to the Marine Prod[illegible] Export Development Authority shipments earlier in the year [illegible] brisk enough [illegible] the country to come close to achieving its [illegible] target of R8.5bn [illegible] for the [illegible] March 1991. Last year, India [illegible] from exports [illegible] 110,788 tonnes [illegible] marine products.

In view of the fact [illegible] the industry has come this far without significant government [illegible] the annual export tar[illegible] R20bn by the turn of the century suggested by [illegible] Indian Seafood Exporters [illegible]ciation, seems [illegible] within [illegible] realm of possibility.

The government, which [illegible] with a serious foreign exchange [illegible], is now doing all it can to [illegible] exports. Acquisition [illegible] fishing vessels has been [illegible] easier; proposals relating to [illegible] fishing are being given quick [illegible] exploratory fishing by foreign [illegible] nies in collaboration [illegible] companies in India's [illegible] zone is being allowed; and bank [illegible] is [illegible] readily available.

The government is now doing all it can to promote seafood exports

Even though Indian fishing techniques are generally antiquated, [illegible] country's production [illegible] a year places it seventh in the world rankings. But [illegible] a [illegible] of professionalism in [illegible] exporting sector and poor infrastructure, like inadequate quick freezing facilities, India [illegible] not find [illegible] place among the top [illegible] seafood exporting countries.

The Indian [illegible] will undergo [illegible] changes [illegible] World [illegible] development programme is implemented. This will be in two phases. The first will involve an [illegible] to promote [illegible] shrimp culture [illegible] coastal region.

That aquaculture in India [illegible] hardly made any progress, except in some pockets, is evident [illegible] the fact that 90 per [illegible] of [illegible] fish production [illegible] accounted for by capture fishery. India has only a 4 per [illegible] share of world farmed production of shrimps, although [illegible] product accounts for [illegible] 80 per cent [illegible] value of [illegible] country's seafood exports.

The second phase of the programme, providing for an investment of $150m will aim to promote deep sea [illegible] by involving large industrial [illegible]panies. The scope is very great [illegible] India [illegible] 2.02m sq km (770,000 [illegible] mile) [illegible] economic [illegible]. Even before the programme has [illegible] launched, some big Indian companies, including [illegible] Tatas, the Thapars and Hindustan Levers have [illegible] the [illegible] exports [illegible].

Interestingly, [illegible] alone takes 60 per cent [illegible] Indian seafood exports in [illegible] value. Other important buyers are [illegible] US, [illegible] UK [illegible] Spain. Finding new [illegible] the main challenge now facing the Marine Products Export Development Authority.

Brazilian coffee production 'to fall for fourth year'

[illegible] production for 1991-92 will fall to [illegible] – [illegible] fourth consecutive year [illegible] decline, according [illegible] E.D. & F. Man, [illegible] London trader, writes David Blackwell.

Man predicts in its latest coffee market report that [illegible] prices will rise in the next three months as [illegible] result of tighter availability from [illegible] and a reduced amount [illegible] price fixing by Central American producers.

[illegible] prices will remain [illegible] pressure, however, following [illegible] recent [illegible] increase in European [illegible] and the prospect of [illegible] large Brazilian conillon crop [illegible] 4.7m bags ([illegible] kg each).

Man estimates that [illegible] export registrations up [illegible] January 25 had already exceeded 15m bags [illegible] of the expected 1990-91 [illegible] of 25m bags. Allowing [illegible] 8m and [illegible] bags [illegible] consumption, only about 2m [illegible] remain to be [illegible] between [illegible] and June, the report says.

"Brazil will therefore [illegible] withdrawn from [illegible] market for periods before [illegible] new crop [illegible] available", Man suggests.

Its first [illegible] next year's Brazilian crop [illegible] for a 6 per cent fall in the number [illegible] coffee [illegible].

"A further [illegible] which is [illegible] more [illegible] concern is [illegible] reduction in [illegible] fertiliser," warns the report. "This has been [illegible] in virtually all producing regions visited".

WORLD COMMODITIES PRICES

MARKET REPORT

Comex silver futures [illegible] up by more than [illegible] a fine [illegible] midday, boosted by heavy [illegible] buying from all sectors, analysts said. Floor rumours that workers at one [illegible] Mexico's largest [illegible] expected [illegible] over [illegible] incited [illegible] buying. The Mexican strike helped [illegible] firmer trend in both lead and zinc on the LME. Traders [illegible] mixed buying and short covering developed when it [illegible] that three month zinc's break above $1,200 a [illegible] in the morning would [illegible] maintained. The lead market featured good buying in [illegible] dip, and [illegible] one point [illegible] month business reached £325 [illegible] tonne. Cocoa prices continued to rise in London, [illegible] ahead [illegible] midday in New York. "There's no talk [illegible] new [illegible] from [illegible] Ivory Coast and manufacturers [illegible] continuing [illegible] give good support so [illegible] quite happy [illegible]. However nobody believes that there's no [illegible] origin-selling [illegible] come," [illegible] London trader [illegible] New York orange juice futures [illegible] sharply higher [illegible] midday on news [illegible] weather for Florida. In Chicago, soyabeans were ahead [illegible] midday on concerns that forecast rains would [illegible] dry [illegible] in growing areas in Brazil.

Compiled from [illegible]

London Markets

SPOT MARKETS		+ or -
Crude oil (per barrel FOB)		+ or -
Dubai	$14.55-4.75	[illegible]
[illegible] Blend (dated)	[illegible]	-.725
[illegible]	[illegible]	[illegible]
W.T.I. (1 pm [illegible])	$20 [illegible]	-.475

SUGAR – [illegible]			($ per tonne)
Raw	Close	Previous	High/Low
[illegible]	186.00	183.20	188.00
[illegible]	188.00	187.00	[illegible] 182.40
[illegible]	192.40	192.20	[illegible] 189.20
Oct	[illegible]	[illegible]	194.20 189.00
[illegible]	[illegible]		[illegible]
Mar	[illegible]	191.60	[illegible]
[illegible]	193.20	[illegible]	[illegible]
White	Close	Previous	High/Low
May	288.0	285.1	[illegible] 285.0

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	610	600	612 602
[illegible]	[illegible]	639	649 639
Jul	677	668	677 668
[illegible]	702	695	703 [illegible]
[illegible]	[illegible]	[illegible]	738 730
[illegible]	[illegible]	[illegible]	763 754

Turnover: [illegible] lots of [illegible]
ICCO indicator prices (SDRs per tonne). Daily price for Feb 13 826.57 (822.33) 10 day average for [illegible] 14 [illegible]

COFFEE – [illegible]			[illegible]
	[illegible]	[illegible]	High/Low
Mar	624	627	[illegible]
May	[illegible]	541	[illegible]
Jul	551	[illegible]	[illegible]
Sep	571	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Jan	603	606	[illegible]

Turnover: [illegible]
[illegible] prices [illegible] cents [illegible] for [illegible] Comp. daily 71.77 [illegible] average [illegible]

[illegible] – London FOX			£/tonne
	[illegible]	[illegible]	High/Low
Apr	[illegible]	[illegible]	[illegible]
[illegible]	147.0	[illegible]	[illegible] 148.0

Turnover 104 (125) [illegible] of [illegible] tonnes.

LONDON METAL EXCHANGE [illegible] Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb [illegible]	[illegible] interest
Aluminium, 99.7% purity ($ per tonne)						
Cash	1505-7	1508-10	1502	1502-3		
3 months	1537-8	1540-1	[illegible]	[illegible]	1536-7	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	22.48	[illegible]
Apr	20.49	20.77	20.70	[illegible]
May	19.59	19.78	19.70	19.48
Jun	18.91	19.08	19.05	[illegible]

New York

Chicago

SOYABEANS 5,000 bu min; [illegible]			
	[illegible]	Previous	High/Low
[illegible]	572/6	[illegible]	[illegible]
[illegible]	587/2	[illegible]	592/4

LONDON STOCK EXCHANGE

Continental buyers drive UK equities

THE WIDELY-held conviction that this week's cut in UK base rates is the first step in a series of similar interest rate reductions aimed at lifting the British economy out of recession brought heavy buying of UK stocks yesterday. The stock market rose by 26.6 Footsie points in one of the heaviest days' trading since Britain's entry into the European exchange rate mechanism at the beginning of October.

It was demand for UK stocks from Continental institutions that drove the London market ahead yesterday. One European institution was believed to be seeking to put as much as £150m into London; most went into a broad range of blue chips, apparently reflecting increasing belief in Europe that the UK market is looking ahead towards the end of the current recession. Most [illegible] terday's European [illegible] was aimed directly at the equity market, with only a small part invested through the stock index futures; arbitraging between futures and [illegible] has [illegible] difficult because [illegible] lack of [illegible].

Account Dealing Dates		
First Dealings:		
Jan 28	Feb 11	Feb 25
Option Declarations:		
Feb 7	Feb 21	Mar 7
Last Dealings:		
Feb 8	Feb 22	Mar 8
Account Day:		
Feb 18	Mar 4	Mar 18

"New-time dealings may take place from 8.30 am two business days earlier.

Equities opened strongly, breaking through the 2,300 hurdle to reach 2,306 in early trade. But this proved [illegible] be the day's peak and the index failed to hold above 2,300 on several further [illegible] during the session.

At the close, the FT-SE Index stood at 2,294.4 for a gain on the day [illegible] 26.6 points. The pace [illegible] in [illegible] final [illegible] when Wall [illegible] making a [illegible] start [illegible] the [illegible] and hints of an impending rights issue circulated in London.

UK economic [illegible] employment and industrial output, announced yesterday, played a minor role in the stock market. The modest rise in January unemployment was slightly below [illegible] but [illegible] is regarded [illegible].

UK [illegible] were not quite as aggressive [illegible] Continental counterparts and showed themselves ready [illegible] take profits when the opportunity [illegible]. However, there were plenty of fund managers anxious [illegible] switch out of the [illegible] issues which [illegible] been leading the market over the past fortnight and into new areas now regarded as [illegible]looked. Market makers [illegible] still short of stock and [illegible] another [illegible] on trading positions as they struggled to find stock to meet the buyers.

This [illegible] range [illegible] investment [illegible] pushed the day's Seaq trading volume to [illegible] shares, [illegible] total [illegible] only [illegible] ERM entry — [illegible] last [illegible] of January saw equity [illegible] shares.

Buying [illegible] equities was spread [illegible] the principal [illegible] sector, with some of the construction and retail issues responding strongly to the [illegible] in domestic interest rates; Redland, [illegible] Hovis McDougall, GKN, Rolls-Royce and Tesco, all recorded high levels of turnover. But a notable exception to the trend was Marks [illegible] Spencer, the clothes and food retailer which rates highly in its sector.

[illegible] indication of the [illegible] investment optimism was the revival of bid interest. A number of old favourites were in the spotlight yesterday, including Hawker Siddeley, which [illegible] hinted [illegible] as a [illegible] for BTR.

Market strategists commented favourably on [illegible] in equity volume and on the [illegible] Continental investment [illegible] the London market. However, the [illegible] difficulty in holding above the Footsie 2,300 mark was [illegible]ed as [illegible] sign that [illegible]tic institutions, at least, are unwilling to chase share prices higher at present.

FINANCIAL TIMES STOCK INDICES

	Feb [illegible]	Feb 13	Feb [illegible]	Feb 11	Feb [illegible]	Year Ago	1990/91 High	1990/91 Low	[illegible] Compilation [illegible]	[illegible] Compilation Low
Government Secs	85.74	85.29	85.03	85.05	85.15	[illegible]	85.74 (14/2/91)	74.13 [illegible]	127.4 [illegible]	49.18 (3/1/75)
Fixed Interest	93.92	[illegible]	93.16	93.61	93.60	91.00	93.92 (14/2/91)	83.80 (30/[illegible])	[illegible]	[illegible]
Ordinary [illegible]	1817.5	1791.7	1781.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	136.1	136.1	135.1	137.1	138.1	292.3	378.5 [illegible]	129.2 [illegible]	734.7 [illegible]	43.5 [illegible]
FT-SE 100 [illegible]	2294.4	[illegible]	2264.5	2279.0	[illegible]	[illegible]	[illegible]	[illegible]	2463.7 (3/1/90)	986.9 [illegible]
FT-SE [illegible] 100	[illegible]	1007.10	[illegible]	[illegible]	[illegible]	-	[illegible] (14/2/91)	[illegible] (14/1/91)	1013.02 [illegible]	[illegible] (14/1/91)
[illegible]	5.27	5.35	5.38	5.35	5.45	4.71				
Earning Yld %(full)	10.97	11.15	11.20	11.15	11.35	11.36				
P/E Ratio(Net)(☆)	11.02	10.84	10.79	10.85	10.65	10.63				
[illegible] Bargns 4.45pm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Turnover(£m)†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Bargains†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
[illegible] (ml)†	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

Basis 100 Govt. [illegible], Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & [illegible] 100 31/8/90. ☆ Nil [illegible]

Ordinary [illegible] Hourly [illegible] Day's High [illegible] Day's [illegible]

[illegible]	[illegible] am	10 am	11 am	[illegible] pm	1 pm	2 pm	3 pm	4 pm
1791.7	1799.2	1809.5	1823.1	1820.1	1816.7	1822.1	1818.4	1817.5

FT-SE, Hourly [illegible] Day's High [illegible] Day's [illegible]

Open	[illegible] am	10 am	11 am	12 pm	1 pm	2 pm	[illegible] pm	4 pm
2278.6	2278.4	2287.6	2304.1	2301.5	2296.0	2300.3	2296.5	2294.7

FT-SE [illegible] 1[illegible] hourly changes Day's High 1014.11 [illegible] 1011.46

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1013.96	1013.28	1013.77	1013.64	1012.35	1011.99	1012.92

GILT EDGED ACTIVITY

Indices*	Feb [illegible]	Feb [illegible]
Gilt Edged Bargains	114.3	91.6
5-Day [illegible]	[illegible]	93.2

*SE Activity [illegible]
†Excluding [illegible] business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME [illegible] MAJOR [illegible]

	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Marks left behind

MARKS AND Spencer put in a poor performance, falling 6 to 234p against a rising market. Turnover expanded to 5.7m as a series of speculative stories depressed the shares.

The main suggestions were that food sales were weak and clothing was suffering in the general malaise in retailing. The cold snap was also believed to have hurt sales growth.

There was talk that a stockbroker was set to downgrade its profits estimates. Analysts at Hoare Govett, which recently issued a sell note, said Marks might have weakened merely because [illegible] shares were on such a high rating.

Fisons strong

Fisons outperformed even the buoyant pharmaceuticals sector after a buy recommendation from Hoare Govett high[illegible] a US report on asthma.

The report, by the US National Heart Lung and Blood Institute, found that in moderate and chronic asthma, Fisons' Intal should be used as part of the therapy. Recommendations from the [illegible] [illegible]tative and influential", said Mr James [illegible] of Hoare.

The shares climbed [illegible] in busy trading before [illegible] at 403p, still a net advance of 11. Turnover was 5m, a level only breached four times since the start of 1990.

NSM warning

NSM shares were among the market's worst casualties, dropping by around a third after the coal and building products company warned that its results for the year to end-March 1991 would be "significantly lower" than the previous year. In that period NSM made profits of £26.19m.

The company blamed the decline in [illegible] building and property sectors in the UK for the projected dive in profitability. NSM closed 11 down at 21p. Turnover reached a much higher than usual 6.3m shares. On Wednesday two blocks of 2.5m shares in NSM were recorded on the Seaq ticker at 30p each.

Tarmac rights talk

Wednesday's interest rate cut and the prospect of more to come drove the building sector sharply higher, although there was a handful of underperformers. Of these, Tarmac stood out after a relatively firm start to close a net 2 easier at 255p.

The retreat in the Tarmac share price was accompanied by heavy trading. Turnover reached 13m, way ahead of usual levels of business in the shares. This figure included several large lines of stock, including two separate blocks of 3.5m, transacted at 254¼p and 255p, and two lines of 700,000 shares, transacted at 256p each.

One story mooted towards the close of trading was that the group might be lining up a rights offer. A sector specialist said: "The company's debt burden remains high – around £450m at the end of 1990, with gearing at 50 per cent-plus – and a rights issue cannot be ruled out at some stage." He added that debt reduction was a high priority at Tarmac.

Banks suffered from having outpaced the rest of the equity market over recent sessions and attracted a flurry of profit-taking. Midland was particularly hit, closing 5 down at 182p, with the debate over a possible dividend cut still going on. The bank was also regarded as a potential rights issue candidate.

Life assurances, upset by Kleinwort's caution on the sector, were again under pressure, with one of the leading integrated securities houses said to be about to publish a bearish note on the sector, focusing especially on Legal & General.

Fourth quarter figures from BP contained little in the way of surprises, although the quarterly [illegible] was [illegible] satisfactory in that the [illegible] been moving to a more [illegible] ment.

The [illegible] underperformed [illegible] the oil group [illegible] market, with analysts [illegible] view [illegible] the outlook for the [illegible] of [illegible] remained suspect.

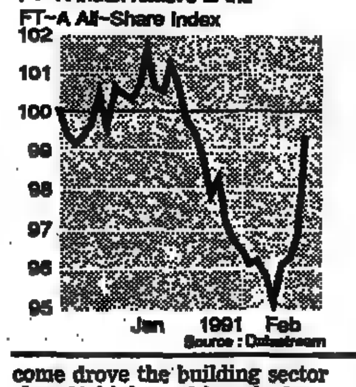
[illegible] Hoare Govett, Mr Brendan Wilder said the tone for the sector "is not bullish, it is under pressure on the oil price and exchange rates – 1991 looks a difficult year". He described BP's payment as in line with expectations and pencilled in a 1991 dividend forecast of 17p. Smith New Court reduced its prediction from 17.5p to 17.1p, while [illegible] Lyonnais Laing is going [illegible].

Mr Fergus MacLeod at County NatWest expects BP to pay 17p for 1991: "BP said it would try to match inflation in its payments; and we expect inflation of just over 6 per cent, which ties in nicely." But He cautioned that BP could be heading for its first ever quarterly loss. At the close BP was a penny easier at 308p on turnover of 7.6m.

Internationals had yet another good day, with more record highs being set, although the sector closed below the session's best levels. [illegible] widespread shortages of stock, with Reckitt & Colman pushed 40 higher to 1394p and Glaxo adding another 7 at 845p. Reuters advanced 25 to 774p in good two-way volume [illegible] by [illegible] buying; turnover totalled 1m shares.

Textiles

FT-A Index relative to the FT-A All-Share Index



Source: Datastream

Having broken through the record low set in 1980, the level of the textile sector, as measured against the rest of the market, bounced sharply this week. The recovery continued [illegible], stimulated by the prospect of further interest rate cuts and led by the sector leaders Coats Viyella and Courtaulds Textiles. The buying interest was limited by a shortage of stock but nevertheless spilled over into [illegible] line shares. There were good gains recorded by Tootal, Dawson International and Readicut.

UK and European institutions chased SmithKline Beecham [illegible] early trading. The shares rose 20, prompting [illegible] selling [illegible] opened. They closed still 9 up on the day at 676p.

International brewery issues [illegible] encouraged by [illegible] 15 [illegible] cent rise in net income from LVMH, [illegible] French luxury [illegible] which Guinness has [illegible] 24 per cent cross-holding. [illegible] was [illegible] better at one point but ended just 3 [illegible] balance [illegible] 807p.

There was no stopping Grand Metropolitan, which [illegible] another new high. It rose 20 [illegible] 734p on higher [illegible] average turnover of 4.2m. The company will have an American Depository Receipt [illegible] next month. An ADR makes it [illegible] the shares [illegible] be [illegible] by US institutions.

FKI dipped 1½ more to 40½p on good turnover of 3.7m after [illegible] company's own broker, Panmure Gordon, downgraded [illegible] current [illegible] by £13m to £40m and said it expected FKI to cut the final dividend from [illegible] year's 2p to 1.3p. Mr Angelos Anastasiou at Panmure [illegible] pursued [illegible] policy of wanting its dividend covered [illegible] least [illegible] times "other than in exceptional circumstances".

Panmure said the downgrade stemmed primarily from the increasing weakness of the US automotive market, coupled with contract losses within UK engineering activities, a weak dollar and a higher than expected level of redundancies.

Third quarter figures from British Telecom - profits up 13 per cent at £787m were at the top end of expectations – drew [illegible] good reception from the market, where BT shares advanced [illegible] 301p. [illegible] analyst described the results as a good solid performance in difficult market conditions.

Racal Electronics advanced [illegible] to 189p after Henderson Crosthwaite issued [illegible] strong buy recommendation on the stock, taking the view that the big [illegible] selling [illegible] the past [illegible] come to an end and that the expected demerger would lead to [illegible] sharp upward rerating of [illegible] Electronics [illegible] Racal Telecom. The latter [illegible] up 10 [illegible] 311p.

News of [illegible] small US expansion by Ladbroke triggered busy trade in the stock. Turnover reached 8.3m [illegible] climbed 21 [illegible] point before closing 13 better at 249p.

William Low [illegible] 307p [illegible] Goldman Sachs bought IEP [illegible] 11m ordinary shares at 290p and then placed them with institutional [illegible]tors [illegible] 294p. Goldman [illegible] placed 8m [illegible].

With IEP's 20 per cent stake in William Low now disposed of attention turned to IEP's 14.1 per cent holding in Budgens, which rose 4 to 52p, having touched 57p. Argyll, up a penny to 272p, continued to be mentioned as [illegible] possible bidder for the stake, although analysts [illegible] IEP [illegible] wait for the shares to move closer to the original purchase price before [illegible]. IEP's last purchase of shares was at 62p but [illegible] of the stake was built up at more than 100p.

Maxwell [illegible] was one of only eight constituents of the FT-SE 100 to show [illegible] decline on [illegible] day. Today the buyer of a put option for [illegible] Maxwell shares can exercise it. The option was sold by Bish[illegible] Investment Trust, [illegible] nominee company acting on behalf of Mr Robert Maxwell's corporate [illegible] to an [illegible]dentified buyer widely believed in the City to be a US securities house. The strike price for the option is [illegible] and the shares yesterday eased a penny [illegible]. The low turnover of 79,000 inclined analysts to believe that only [illegible] small portion, if any, [illegible] option might be exercised.

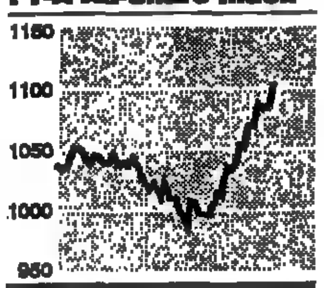
Tra[illegible] said the good performances in [illegible] publishing [illegible]tor [illegible] helped by figures from [illegible] Corporation, [illegible] Australian media multinational, and its UK subsidiary News International. [illegible] International added a penny [illegible], while Pearson rose 23 to 698p, Reed International 6 to 394p, United Newspapers 10 to 330p and Emap 11 to 215p.

[illegible] appearance on the over[illegible] ticker of 40m shares traded at 6p in Flagstone Hold[illegible], a [illegible] and leisure, property and industrial services group, was followed yesterday by the announcement that Almansa, an unquoted company, had taken a 14.99 per cent stake, accounting for 20⅛m shares. The stock jumped 1¾ to 3p.

An otherwise quiet property [illegible] was enlivened just [illegible] the close with a trade of 5m Land Securities at 563p. The shares gained 4 to 562p.

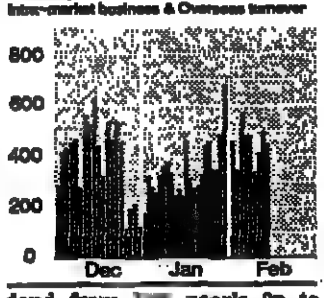
■ Other Market statistics, including the FT-Actuaries share index, Page 25

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (115).
BRITISH FUNDS (36) INT.BANK & O'SEAS GOVT. STLG. ISSUES (3) BANKS (2) BREWERS (5) BUILDINGS (5) CHEMICALS (2) STORES (6) ELECTRICALS (2) ELECTRICITY (2) ENGINEERING (1) FOODS (6) INDUSTRIALS (15) Airsprung Furniture, BTR Wrrnts. 1994-95, Cornwell Parker A, Creighton Naturally, De La Rue, Diploma, Fisons, Hepworth, Isotron, Kalon, RCO, Rank Organ. 8¼pc (Net) Cnv. Cm. Rd. Prf., Reckitt & Colman, Rolfe & Nolan, Serco, SmithKline Beecham A, Spring Ram, Tomkins 6¼pc Cm. Prf., Wolseley, INSURANCE (1) PAPERS (1) PROPERTY (4) SHOES (2) TOBACCOS (1) TRUSTS (17) WATER (1) OILS (1).
NEW LOWS (25).
BUILDINGS (4) CHEMICALS (1) ELECTRICALS (4) INDUSTRIALS (5) Copymore, Docius, EFG, Eurocopy, Wiskaw, LEISURE (1) MOTORS (1) PAPERS (2) PROPERTY (2) TRUSTS (2) OILS (2) MINES (1).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" [illegible] up to [illegible] Years)

Five to Fifteen Years

Over Fifteen Years

Undated

1990/91 High	1990/91 Low	[illegible]	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1990: 126.2 and for December 1990: 129.9.

INT. BANK AND O'SEAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building [illegible]

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div. %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

APPOINTMENTS

Shell Group managing director

THE "SHELL" TRANSPORT AND TRADING COMPANY has appointed Mr Mark Moody-Stuart (pictured) as a director from July 1. He also becomes a managing director of Royal Dutch/Shell Group from the same date. Mr Moody-Stuart, who joined the group in 1966 as a geologist, [illegible] exploration and production co-ordinator for the Royal Dutch/Shell Group.

■ ECOMAX UK, Northampton, British arm of Rockwool of Sweden, has promoted Dr Julian Wilczek to the board as technical director.

■ Mr Frank W. Edwards is joining the board of BIMEC INDUSTRIES. He is vice president of the China-Britain Trade Group.

■ CITIBANK has appointed Mr David Hopkins as a non-executive director of Citibank Investment Management.

■ Mr Nicholas George, a director of Barclays de Zoete Wedd Securities, has been appointed London head of South East Asian equities.

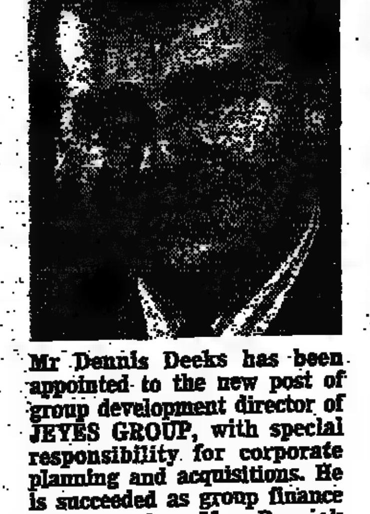
■ PERFORMANCE PANELS, Bradford, part of the Henry Barrett Group, has promoted Mr Martin Osborne from operations director to managing director. Mr Richard Brown has been appointed research and development director. He was senior project architect at YRM Architects and Planners.

■ Mr Leon R. Allen has been appointed chairman of DEL MONTE FOODS INTERNATIONAL in addition to his role as chief executive of the group. Mr Allen led the management buy-out last year of Del Monte's canned fruit and beverages business.

■ Mr John Brace has been promoted from general manager to director, dealer operations, for SUBARU (UK) and ISUZU (UK).

■ W.I. CARR GROUP, part of Banque Indosuez Group, has appointed Mr Brian Morel to a senior executive post in W.I. Carr Financial Services. He was managing director of Guinness Mahon Financial Services.

■ Mr Martin Rasch has been appointed managing director of BREWIN DOLPHIN UNIT TRUST MANAGERS. He was an investment director of Perpetual Unit Trust Management.



Mr Dennis Deeks has been appointed to the new post of group development director of JEYES GROUP, with special responsibility for corporate planning and acquisitions. He is succeeded as group finance director by Mr Derrick Broomfield (pictured) who joins from Pizza Hut UK where he was financial controller.

■ From March 1 Mr Bernward J. Rohmann becomes general manager of the London branch of HESSISCHE LANDESBANK-GIROZENTRALE. He was head [illegible] DM-treasury at J.P. Morgan, Frankfurt, and succeeds Mr Frederick R. Hopson who has been appointed executive vice president and general [illegible] of the investment banking division in Frankfurt.

Beer division

■ SCOTTISH & NEWCASTLE BREWERIES is forming a beer division, effective from May 1 and based in Edinburgh. The new subsidiary will cover beer production, wholesaling, marketing, sales and distribution, as well as malting, and wines and spirits. Its board will be: Mr Gavin Reed, chairman; Mr Roy Summers, managing director, production; Mr Alastair Mowat, managing director, commercial; Mr Hugo Page Croft, managing director, wholesale; Mr Tom Ward, finance director; and Mr Robin Holms, personnel director.

■ SAVILLS has promoted Mr Aubrey Adams to managing director. He was finance director, and will continue to be responsible for finance. Mr Robert Dean, deputy chairman of Savills, takes over as chairman of the commercial division from Mr Ted Simon who is leaving to pursue other interests. Mr James Marland becomes managing director of the division. Mr Geoffrey van Cutsem becomes managing director of the newly combined agricultural/residential division, with Mr George Inge as chairman.

LONDON SHARE SERVICE

● Latest Share [illegible] are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro F15	£9½	.....	Q28%	2.1	8.8	5.3
303	121	ANZ SA1	138	+2	Q38c	1.9	11.2	4.8
267	172	Abbey National 10p	261	+4	5.7	4.3	2.9	10.6
*274	126	Allied Irish Ord.	155	+1	†Q40%	3.3	5.8	7.0
85	47	Anglo Irish	57	+2	Q18.6%	2.3	7.3	7.5
93	58	Ansbacher (H.) 1p	58	.....	2.5	1.3	5.7	16.7
£71¼	£32	Bancaire Cie Fr100	£51	–1	Q12¼%	–	2.5	–
£22¾	£12½	Banco Bilbao Viz.	£15½	+¼	Q49.1%	2.7	5.3	6.9
£58	£21	Banco de Santander	£24½	.....	Q28.7%	♦	5.0	♦
280	130	Bank Ireland Ir£1	167	+3	Q14.7%	2.9	7.9	5.9
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.) £1	350	.....	†15.0	–	5.7	–
134	100	Bank Scotland	128	+1	†4.55	3.4	4.7	8.2
103¾	83¾	Do. 9¼pc Irrd Pf £1	103¾	+½	9¼%	–	11.9	–
106¾	99½	Do. 9¾pc Irrd Pf £1	106¾	+½	9¾%	–	12.2	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	400	+1	†19.57	3.5	6.5	5.5
22	9	Benchmark 20p	9	.....	0.75	–	11.1	–
335	195	Brown Shipley £1	210	.....	‡12.0	2.2	‡	6.8
*435	285	Cater Allen £1	434	+1	F24.5	–	7.5	–
179	29	Chancery	42	–1	‡9.0	2.7	‡	1.7
£23¾	£14	Commerzbk DM10	£17¾	+¼	Q18%	–	3.6	–
£13¼	620	Dai Ichi KBk Y50	903	+10	Q17%	6.2	0.4	42.6
£313	£189	Deutsche Bk DM50	£223¾	–¾	Q28%	–	2.1	–
£20¾	£14⅝	Espirito Santo	£16½	.....	Q75c	5.1	2.3	8.5
253	152	First Nat. Fin. 10p	178	+4	13.0	1.2	9.7	(10.6)
121	78	FNFC 6.3pc Cv Pf £1	93	+4	6.3%	–	9.0	–
£13⅛	633	Fuji Bank Y50	997	–7	†Q17%	6.9	0.3	42.4
325	262	Gerrard & National	314	+2	19.0	–	8.1	–
154	68	Guinness Mahon 10p	68	.....	1.45	–	2.8	–
329	194	Hambros 20p	249	.....	†11.5	–	6.2	–
128	88	Do. 7.5pc Cv Pf £1	110	+1	7½%	–	9.1	–
53½	29	HK & Shang. HK$2.50	36	.....	KQ39c	–	7.7	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	125	.....	10.25	–	10.9	–
423	249	Kleinwort Benson Grp.	325	–5	16.0	2.5	6.6	7.7
642	316	Kyowa Bank Y50	438	+11	Q14%	♦	0.7	♦
335	220	Lloyds £1	322	–2	†13.3	2.6	5.5	7.6
56	44	Lon. Scot. Bank 10p	49	+2	2.75	1.7	7.5	9.0
404	150	Midland £1	182	–5	†18.0	2.6	13.2	3.8
£14½	£10	Mitsubishi Bank Y50	£10	.....	†Q17%	♦	0.3	♦
£12¾	£7½	Mitsubishi Tst & Bk Y50	£7	+⅛	Q17%	12.4	0.5	[illegible]
£10⅝	£4	Mitsui Taiyo Kobe Y50	£7	–⅛	†Q16%	6.0	0.4	[illegible]
904	410	Mitsui Tst & Bk Y50	580	–7	Q17%	♦	0	♦
326	203	Nat. Aust. Bk. A$1	241	–2	Q55c	1.5	9.[illegible]	7.2
368	227	NatWest £1	299	+1	†16.7	3.3	7.[illegible]	5.5
£210	£100	Ottoman Bank	£105	.....	Q110%	2.8	10.[illegible]	3.4
55	24	Rea Bros. Group	26	.....	0.5	3.2	2.[illegible]	13.0
227	119	Royal Bk. Scotland	184	+4	8.4	2.3	6.1	9.4
795	338	Saitama Bank Y50	434	–1	♦Q14%	♦	0.6	♦
£12¼	567	Sanwa Bank Y50	906	+19	Q17%	6.7	0.4	39.7
902½	613	Schroders £1	699	+2	b12.5	5.9	2.4	9.4
712½	413	Do. £1 N/V	473	.....	b12.5	5.9	3.[illegible]	6.4
£25¼	£9⅛	Sec. Pacific $10	£13¾	+⅛	Q$2.52	–	9.[illegible]	–
616	205	Standard Chartd. £1	281	+6	35.0	1.4	16.[illegible]	(5.3)
£16¼	£5½	Sumitomo Bank Y50	£9	+⅛	†Q16%	7.5	0.[illegible]	37.4
£11	£4	Sumitomo Tst & Bk Y50	£6	–⅛	Q17%	6.9	0.[illegible]	29.5
153	114	TSB	148xd	+1	6.4	♦2.1	5.[illegible]	11.0
175	112	TSB Bank Ch'nel Is'l	134	+4	dQ8.0	3.8	6.[illegible]	5.4
£46	£41⅛	Tokai Bank Y50	£61½	+⅛	Q16%	4.1	0.[illegible]	49.6
920	484	Toyo Tst & Bk Y50	719	–2	†Q15.2%	6.9	0.[illegible]	34.3
611	499	Union Discount £1	555xd	–2	35.0	♦	8.[illegible]	♦
525	284	Warburg (S.G.)	376	+2	15.0	3.0	5.[illegible]	8.4
180	98	Do. 6pc Cnv Prf £1	128	+2	6%	–	6.2	–
279	128	Westpac SA1	160	–1	Q52.5c	1.2	13.4	6.1
420	286	Wintrust 20p	303xd	+8	†8.7	4.3	3.8	8.0
964	509	Yasuda Tst & Bk. Y50	686	.....	Q17%	5.9	0.5	34.3

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p	50	.....	3.1	4.4	8.3	3.4
£14¼	£5¼	DAF N.V. Fl5	£6½	+⅛	Q50%	2.0	11.5	4.3
149	79	General Mtrs Units	92	+2	Q12½%	–	6.9	–
41	9	March Group 5p	13	.....	–	–	–	–
£221¼	£201	Volkswagen DM50	£316¾	+⅜	Q22%	3.5	3.2	9.2
£24	£18	Volvo AB 'B' Kr25	£21	–⅛	Q62%	4.3	6.6	3.5

Commercial Vehicles

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
253	68	ERF (Hldgs)	120	.....	10.0	1.6	†	7.3
180	48	Plaxton Grp	52	.....	8.5	2.0	21.8	2.9

Components

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
465	420	Abbey Panels	463	.....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines	125	.....	6.0	3.0	6.4	7.0
190	140	Bostrom 5p	140	–5	5.75	3.1	5.5	6.4
266	145	Dowty 50p	163	+7	9.0	2.1	7.4	7.8
239	110	FR Group	135	+1	6.37	3.1	6.3	6.9
135	55	Kwik-Fit Hldgs 10p	98	+1	2.4	2.3	3.6	16.6
174	102	Lucas Inds	146	+3	7.0	2.5	6.4	7.2
44	14	Do. Warrants	24½	+1	–	–	–	–
80	49	Mid-States 10p	49	.....	20.75	–	2.0	30.8

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised [illegible] cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for [illegible] N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: [illegible] dividend; ε ex scrip issue; [illegible] rights; [illegible] all; ∂ ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	675	.....
Finlay Pkg. 5p	33	.....
Holt (Jos) 25p	1300	.....
Carrol (P.J.)	154	.....
Heiton Hldgs	40	.....
IRG	132	.....
United Drug	135	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£99½	+¼
9pc Cap Ln. 1996	£96¾	+¼
Fin. 13% 97/02	£113	+¼
Arnotts	160	+7

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit. Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	29
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	p
Brit Land	24
Control Sec	3½
Land Securities	43
MEPC	38
Mountleigh	9

Oils	p
Ariva Petlm	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines	p
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices [illegible] on FT Cityline. To obtain your free Unit Trust Code [illegible] ring the FT Cityline help [illegible] 071-925-2128

AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 [illegible]						
High Income						
American Income	6	41.34	41.34	44.21	+0.28	7.22
Gilts & Fixed Int	6	115.2	115.2	122.3	+0.5	9.40
High Inc Equity	6	122.9	126.5	134.5	+1.0	6.32
Worldwide Bond	6	198.5	199.5	211.5	+0.9	7.09
Capital Growth						
American Growth	6	165.6	165.6	177.1	+2.1	1.08
Asian Pacific	6	102.7	105.0	111.6	+0.8	1.18
Assets & Earnings	6	154.1	154.1	164.8	+0.9	3.29
Capital Reserve Acc	0	103.2	103.2	103.2	+0.3	6.88

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Martin Currie Unit Trusts Ltd (0905)H						
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924						
Far East (Pacific)	5¼	85.23	85.23	90.47	+0.75	0.47
Income & Growth	5¼	54.53	55.00	58.44	+1.16	5.59
European	5¼	50.70	51.21	54.36	+0.83	1.31
Nth American	5¼	31.95	31.95	33.91	-0.15	1.55
Intl Growth	5¼	54.46	55.47	58.89	+0.25	0.86
UK Growth	5¼	47.69	47.69	50.62	+0.47	2.83
Intl Income	5¼	44.16	44.71	47.46	+0.37	6.29
High Yield	5¼	42.26	42.91	45.55	+0.31	7.55
Chartist	5¼	84.13	85.41	90.66	+0.39	6.17
Japan	5¼	35.92	35.92	38.13	+0.23	—
Mathesan Unit Trust Managers Ltd (1200)H						
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
UK Growth	6	61.14	62.42	66.74	+0.78	3.70
UK High Income	6	32.51	32.51	34.77	+0.66	5.81

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MM Unit Trust [illegible]						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries 0705 372222 Dealing 0705 387730						
American	5¼	27	27.44	29.26	+0.22	1.74
(Accum Units)	5¼	29	29.37	31.32	+0.24	1.74
Australian	5¼	142	142.20	152.50		2.35
(Accum Units)	5¼	160	160.10	171.70		2.35
Commodity	5¼	45	46.44	49.56	+0.74	1.57
(Accum Units)	5¼	47	48.70	51.97	+0.77	1.57
European	5¼	131	131.20	139.90	+0.30	1.12
(Accum Units)	5¼	138	138.40	147.60	+0.30	1.12
Extra Income	5¼	[illegible]	61.06	65.16	+1.00	9.38
(Accum Units)	5¼	82	82.26	87.79	+1.46	9.38
Far East Gth Acc	5¼	97	97.23	103.90	+1.00	0.30
Gilt & F I	5¼	51	51.39	54.40	+0.11	9.21
(Accum Units)	5¼	106	108.20	114.40	+0.20	9.21

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administration costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at which the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point. A short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	101.1	101.1	+0.6	10.68
(Accum Units)	350.3	350.3	+3.1	10.68
RAAGIF Feb 5	—	41.5	.....	9.89

MIM Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	1028.0	1108.0	.....	—
Mngd Pens (Acc)	61.10	65.10	.....	—

Morgan Grenfell Unit Trust Managers Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Feb 12	118.4	127.3	.....	3.07
UK Small Co † Feb 12	420.6	458.7	.....	2.33
Fixed Interest † Feb 12	105.2	110.6	.....	8.03
US Small Co Feb 12	120.5	128.7	.....	0.00
Managed Feb 12	99.08	105.4	.....	1.38
Int'l Bond Feb 12	111.2	117.3	.....	7.88
Japan Feb 12	64.86	69.31	.....	0.98
European Feb 12	80.17	85.76	.....	1.72
Nth American Feb 12	90.20	96.70	.....	1.46

Murray Johnstone UT Mngmt

Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Feb 13	43.66	45.39	.....	2.64
Euro Expt Feb 13	46.40	48.72	.....	2.43
Fixed Int Ex Feb 13	46.24	47.38	.....	10.43
Japan Expt Feb 13	42.64	44.34	.....	1.72
Managed Ex Feb 7	40.08	41.66	+2.60	4.82
SE Asia Expt Feb 13	59.36	62.32	.....	5.09
Sm Cos Expt Feb 13	27.29	28.65	.....	5.50
UK Eqty Ex Feb 13	36.70	38.53	.....	4.48

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Feb 5	[illegible]	609.8	.....	5.94
Do Accum	[illegible]	684.9	.....	5.94
Int. Expt Feb 13	[illegible]	158.2	+4.4	3.21
UK Index Feb 5	[illegible]	1030	.....	5.85
Do Accum	[illegible]	1101	.....	5.85
Convertible Feb 8	[illegible]	87.36	.....	8.61
World ex UK Index Feb 11	[illegible]	705.6	.....	2.14
Do Accum	[illegible]	705.6	.....	2.14
Japan Index Feb 11	560	558.0	.....	0.58
Do Accum	561	559.3	.....	0.58
USA Index Feb 11	831.5	836.6	.....	3.47
Do Accum	852.0	857.1	.....	3.47
Europe ex UK Index Feb 12	811.1	831.4	.....	3.1
Do Accum	829.3	850.2	.....	3.10
Pacific ex Jap Index Feb 11	745.3	767.4	.....	3.27

INSURANCES

Allied Dunbar Assurance Plc—Contd.

Baring Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Pen Equ Cap	28.1	29.6	+0.3	—
Pen Equ Acc	31.0	32.7	+0.4	—
Pen Am Eq Cap	29.6	31.2	+0.2	—
Pen Am Eq Acc	32.7	34.5	+0.3	—
Pen Far East Cap	25.9	27.3	+0.1	—
Pen Far East Acc	28.5	30.1	+0.1	—
Pen Euro Cap	37.4	39.4	+0.2	—
Pen Euro Acc	41.4	43.6	+0.3	—

James Capel Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Pen Equ Cap	26.3	27.7	.....	—
Pen Equ Acc	29.0	30.6	+0.1	—
Pen Am Eq Cap	25.9	27.3	-0.2	—
Pen Am Eq Acc	28.5	30.1	-0.2	—
Pen Far East Cap	26.2	27.6	+0.1	—
Pen Far East Acc	28.8	30.4	.....	—
Pen Euro Cap	31.2	32.9	[illegible]	—
Pen Euro Acc	34.4	36.3	[illegible]	—

[illegible] Life Assce. Co Ltd

[illegible] Holdenhurst Rd, Bournemouth 0202 292345

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Fund Acc	154.7	162.9	+0.8	—

American Life Insurance Co UK

2-8 Altyre Road, Croydon CR9 2LA 081-680 6000

Life Funds (Accumulation Units)

	Bid Price	Offer Price	+ or -	Yield Gross
Premier Managed(z)	244.6	255.4	+0.2	—
Alpha Managed(z)	91.3	96.2	-0.7	—
HICA Managed(z)	84.6	88.9	+0.1	—

Pension Funds (Accumulation Units)

	Bid Price	Offer Price	+ or -	Yield Gross
Premier Managed(z)	173.5	182.7	.....	—
Alpha Managed(z)	99.5	104.9	-0.8	—

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● [illegible] Unit Trust [illegible] are available on FT Cityline. To obtain your free Unit Trust [illegible] ring [illegible] FT Cityline help [illegible] on 071-925-2128

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 [illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	97 1	102 2	+1 1	-
Pension Managed Fd	93 0	97 9	+1 2	-
Life Deposit Fd	104.5	110.0		-
Pension Deposit Fd	108.5	114.2		-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	100 9	110 3	+0 4	-
Managed Growth	122 4	133 8	+0 4	-
Managed Opportunity	118 3	130 0	+0 4	-
NFMC Target Financial	90 8	98 2	+0 2	-
Pension Funds				
Managed Cautionary	109 2	119 4	+0 3	-
Managed Growth	128 0	140 7	+0 4	-
Managed Opportunity	120 8	132 1	+0.3	-
NFMC Target Mngd Pen	1375 1	1494 7	+16 6	-

National Mutual Life
The Priory, Priory Pl, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	146 9	154 7		-
UK Equity	152.2	160 3		-
Overseas Equity	119.5	125 8		-
Fixed Interest	141.4	148 9		-
Property	130 6	137 5		-
Index Linked	143 6	151 2		-
Deposit	150 5	158 5		-
With Profits (B)	126 0	132.7		-

National Provident Institution
[illegible] London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	323 0	340 1	+3 6	-
UK Equity	405.3	426 7	+6 8	-
Overseas Eq	306 5	322 7	+2 9	-
American	240.2	252 9	+1 9	-
Far East	320 4	337.3	+3 0	-
Property	193 7	203 9	+0 3	-
Fixed Int	254 6	268.1	+0 6	-
Indexed Gilt	150.7	158 7	+0.4	-
Deposit	175 6	185 9		-
Pension Fund (Accum Units)				
Managed	451 6	475 4	+5 2	-
UK Equity	524 4	552 1	+8 9	-
Overseas Eq	506 6	533.3	+5 0	-
Americas	[illegible]	330 7	+2 4	-
Far East	[illegible]	563 8	+4 7	-
Property	[illegible]	255 2	+0.3	-
Fixed Int	[illegible]	328 8	+1 0	-
Indexed Gilt	[illegible]	175 0	+0.4	-
Deposit	245 1	258 0	+0 1	-
NPI Pensions Management Ltd				
Managed Fund	946 4	963 3		-

Prices Feb 1 Next dealing Mar 1

Norwich Union [illegible] Ltd
PO [illegible] 140 [illegible] NR3 [illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	66 5	70.0	+0 8	-
Stock Market Mngd Fund	63 5	66 8	+0 8	-
Equity Fund	72.2	76 0	+1 3	-
International Fund	55 6	58.6	+0 6	-
European Fund	61.2	64 4	+0 7	-
North American Fund	60 3	63.5	+0.4	-
Pacific Fund	58 8	61 9	+0 1	-
Property Fund	85 8	90.3		-
Fixed Interest Fund	58 0	61 0	+0 2	-
Index Linked Sec Fund	61.1	64.3	+0 1	-
Deposit Fund	67 7	71 3		-
NUAM Retirement Plans				
Mixed Fund	72 0	75 8	+0 9	-
UK Ordinary Share Fd	83.3	87.7	+1 5	-
International Fund	59 4	62 5	+0 5	-
Property Fund	82.5	86 8		-
Fixed Interest Fund	69 8	73 5	+0 2	-
Index Linked Sec Fund	64 7	68 1	+0 1	-
Deposit Fund	79 4	83 6	+0 1	-
NUAM (MF)				
Managed Fund	936 3	985 6	+10 7	-
Equity Fund	1967 7	2071 3	+30 3	-
International Fund	147 0	154 8	+1 6	-
Property Fund	543 3	571.9		-
Fixed Interest Fund	434 7	457 6	+1.8	-
Index Linked Sec Fund	62.3	65 6	+0.2	-
[illegible] Fund	278 8	293 5	+0 1	-

Norwich Union Life [illegible]
[illegible] NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
[illegible] Life				
[illegible] Fd	108 92	114.66	+0 03	-
[illegible] Fd	89 09	93 77	+1 11	-
UK Ord Share Fd	94 10	99 05	+1 70	-
International Fd	81 36	85 65	+0 87	-
European Fd	83 99	88 41	+0 89	-
North American Fd	85 61	90 12	+0.58	-
Pacific Fd	68 77	72.39	+0 22	-
Property Fd	98 49	103 68	+0 01	-
Fixed Int Fd	101 40	106 74	+0 20	-
Intl Bond Fd	91 87	96 71	+0 25	-
Deposit Fd	109 57	115 33	+0 02	-
Unitised Pensions				
With Profits Fd	145 06	152 69	[illegible] 05	-
Managed Fd	144 60	152.21	+1 91	-
UK Equity Fd	154 15	162.26	+2.86	-
International [illegible]	140 96	148 38	+1.24	-
European Fd	135 35	142.48	+1 40	-
North American Fd	143 11	150 64	+0 97	-
Pacific Fd	101.69	107 04	+0 33	-
Property Fd	150 03	157 92	+0 03	-
Fixed Int Fd	123 60	130 11	+0.32	-
Intl Bond Fd	119 75	126 06	+0.50	-
Bldg Soc Dep Fd	138 47	145 76	+0.05	-
Pensionmaster & Unit-Linked Plus				
Mixed Fund	385 2	405.5	+11 9	-
Ordinary Share Fund	570.5	600 5	+21 8	-
International Fund	150 2	158.1	+5 0	-
Property Fund	349 5	367 9	+0 5	-
Fixed Interest Fund	347 3	365.6	+5.1	-
Index-Linked Sec Fund	182 0	191 6	+1.2	-
Deposit Fund	247 7	260.7	+0 6	-
Norwich Units Dec 14		883 31		

*Prices as at February 12

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	108 11	113 80	+0 05	-
Intl Equity Fund	82.55	86 90	+0 89	-
Intl Bond Fund	99 27	104 50	+0 23	-

[illegible] Assurance [illegible] Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	150 0	157 [illegible]		-
Prop Acc (Gross)	271 3	285 [illegible]		-
Equity (Gross)	767 6	[illegible]	+3 9	-
Managed (Gross)	542 4	570 [illegible]	+2 6	-
Prop Acc (Net)	127 7	134.5	+0 1	-
Equity (Net)	179 4	188 8	+0 8	-
Managed (Net)	167 0	175 8	+0 8	-
International (Net)	150 3	158 2	+1 0	-
Gilt & Fxd Interest	118 9	125 2	+0 6	-
Money Fund	125 5	132 1		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	581 6	612.3	+3 5	-
Ret Man (Series 2)	197 3	207 7	+1.2	-
Ret Cash	171 0	180.0	+0.1	-

Pegasus Assurance Ltd
Broad Quay, [illegible] BS1 [illegible] 0272 230271

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Aggressive	87 1	91 7	+0 2	-
Managed Balanced	89 0	93 7	+0 2	-
Managed Cautious	94 2	99 2	+0 6	-
Pension Funds				
Managed Aggressive	90 8	95 6	+0 2	-
Managed Balance	92 0	96 9	+0 3	-
Managed Cautious	97.4	102 6	+0 6	-

[illegible] Mutual see Swiss [illegible]

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	102 0	108 0	+2 0	-
Building Soc Fd	198 0	209 0		-
Balanced	235 0	248 0	+2 0	-
European	167 0	176 00	+2 0	-
GT Managed	165.0	174.0	+2 0	-
Gartmore Mngd	118 0	125.0		-
German	140.0	148 0		-
Gilt	149 0	157 0	+1.0	-
Global	38 0	40 0		-
International Equity	165 0	174.0	+2 0	-
Japan	184 0	194 0	+3 0	-
Leisure	47 0	50 0		-
Managed	40 0	43 0	+1 0	-
[illegible]	294 0	310 0		-
R W Imperial Gold	113 0	119 0	+1 0	-
UK Equity	223 0	235 0	+4 0	-
Pension Funds				
American	197 0	208.0	+3 0	-
Building Soc Fd	208.0	219 0		-
Balanced	198 0	209 0	+2.0	-
European	178 0	188 0	+1 0	-
German	130 0	137 0		-
Gilt	148.0	156 0		-
International Equity	139 0	147.0	+1 0	-
Japan	105 0	111 0	+2.0	-
Managed	51 0	54 0	+1 0	-
Property	227 0	239 0		-
UK Equity	236 0	249 0	[illegible]	-

Professional Life Assurance Co Ltd
Frobisher Hse, Nelson Gate, Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
BZWIM Managed		105.2		-
Fidelity Managed		89 9		-
Hill Samuel Managed		112 2		-
Morgan Grenfell Managed		101 9		-
PDFM Managed		107 8		-
Schroder Managed		105 4		-
Professional Managed		103 4		-
European		76 9		-
Fixed Interest		127 2		-
International Equity		116 4		-
Pacific Equity		90 2		-
UK Equity		120 7		-
US Equity		112.1		-
European Index		80 9		-
International Index		88 2		-
Japanese Index		87 5		-
South East Asia Index		82.3		-
UK Index		111 0		-
US Index		94 8		-
Property		99 9		-
Sterling Deposit		112.1		-
Retirement Annuity	78 48	83 48		-
Retirement Ann Cash	98 15	103.31		-

Prolific Life [illegible] Pensions [illegible]
Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd	514.9	547 8	-1 0	-
Adventurous Mngd	116 7	124 2	+1 4	-
Secure Mngd	95 4	101 5	+0 6	-
Cash Fd	274 1	288 9		-
Property Fund	220 0	234 1		-
Equity Fund	596 1	628.2	+5 9	-
Fxd Int. Fund	301.6	317 9	+0 8	-
International	282 3	297 5	+2.1	-
High Income	435 5	463 3	+6 2	-
Far East	346 0	364.6	+4 6	-
North American	232 9	245 5	+2 0	-
Special Sits	484 3	515 3	+6 8	-
Technology	230 6	243 0	+2 6	-
Extra Inc Fd	257 7	274 2	+4.4	-
Convertible & Gilt Fd	125.3	132 1	+1 0	-
American Income	115 4	121 7	+1.1	-
Gilt Fund 20	347.5	369 7	+2.4	-
European Fund	95 0	100 2	+1 1	-
Pref & Fixed Int	80.9	86.1		-
Equity Income Dist	87.8	92 6	+1 3	6 59
Managed Dist	85 7	90 4	+0 8	6 84
High Yield Dist	91.2	96 2	+0 8	10 38
Pension Funds				
Balncd Gth Mngd Pens Acc	550 9	579 9	+7 5	-
Adventurous Mngd Pens Acc	115.1	121 2	+1.3	-
Secure Mngd Pens Acc	104 1	109 6	+0 8	-
Building Soc. Acc	302 8	318 8		-
Property Pens. Acc	274 0	288 5		-
Fix Int Pens Acc	456 3	480 4	+1 8	-
Equity Pens Acc	673 1	708 6	+11.9	-
International Pens Acc	251 3	264.6	+2.3	-
High Inc Pens Acc	461 9	486 3	+9 2	-
Tech Pens Acc	145 8	153 5	+1.6	-
N American Pens Acc	160 0	168 5	+1 1	-
Far Eastern Pens Acc	327 2	344 5	+4 2	-
Special Sits Pens Acc	393 7	414 5	+6 1	-
Extra Income Pens Fd	305 6	321 7	+4 9	-
Convertible & Gilt Pen	145.4	153.1	+0.8	-
American Inc Pens	127 1	133 8	+1 1	-
European Pens	103.2	108 7	+1 2	-
Managed Cash Pens	137 3	144 6		-
Pref & Fixed Pens	91 4	96.3		-
Other Funds				
Margett Growth	88 1	92 8	+1.1	-
Margett Income	89 5	94 3	+1 1	-
Margett Pension	91 2	96 0	+1 0	-
DWC Growth & Income	114 5	120 6	+0 6	-
NCH Managed	88 5	93 2	+0 9	-
B&B Select Mngd	81 2	85 5	+0 5	-

Property Equity & Life [illegible] Co
Baxter Ave, [illegible] SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int [illegible] Fd	149 1	156 9		-
Int Man Ccncy Bd Fd		145.2		-
Int Man Ccncy Bd Fd(X)		131 5		-
Flexible Prop Bd Fd		302 5		-
Flexible Money Bd Fd		370.4		-
Special Man Inc Fd		128 9		-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 [illegible] 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	144 0	[illegible]	+1.0	-
Accum Equity	204 0	[illegible]	+1.5	-
Accum Managed	211.0	[illegible]	+2.0	-
Accum Five Star	154.5	[illegible]	+0.5	-
Accum World	112.5	[illegible]		-
Accum Lifetime	104 4	[illegible]	+0 6	-
Pens Acc Equity	216 5	[illegible]	+2.5	-
Pens Acc Managed	255 0	[illegible]	+2 0	-
Pens Acc Intl	185 0	[illegible]	+2.0	-
Pens Acc Deposit	191 5	[illegible]		-
Pens Acc Five Star	165 0	[illegible]	+1.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	207 9	219 4	+2.6	-
UK Fixed Int Acc	167 8	177.1	+0.1	-
Intl Equities Acc	157 5	166 2		-
UK Managed Acc	162.2	171 0	+1 0	-
[illegible] Acc	226.3	238 8	-0 1	-
Money Acc	125 7	132 [illegible]		-
Special Market Acc	126 0	133	-0 9	-
[illegible] Equity Acc	94 [illegible]	100	+0 9	-
[illegible] American Acc	92 [illegible]	98	+1.6	-
Pacific Acc	80 [illegible]	84	+0.4	-
Technology Acc	98 [illegible]	103.7	+0 1	-
Nat Resources Acc	48 [illegible]	51.5	+0.3	-
European Acc	93 4	98.6	+1 2	-
Residential Prop Acc	95 8	101 1		-
Swiss Equities Acc	33 2	35.1	+0.5	-
Hong Kong Acc	51 0	53 9	+0.4	-
UK High Inc Eq Acc	68 2	72 0	+1.1	-
Int Fixed Interest Acc	54 3	57.3		-
Int Managed Acc	52.2	55 0		-
HIP Managed Acc	105.0	110 7	+0 5	-
HIP Managed II Acc	91 8	96 8	+0 3	-
Total Investment Bond				
UK Equity Initial	142.[illegible]		+1.[illegible]	-
UK Fixed Int Initial	114		+0.[illegible]	-
Intl Equities Initial	107			-
UK Managed Initial	111		+0 7	-
Property Initial	156		-0.1	-

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code [redacted] ring the FT Cityline help [redacted]

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Wellington Fd Mngrs (Guernsey) Ltd				
Intl Growth Fd	$13.43	14.12	.....	–
Wells Fargo U.S. IT Fund				
NAV Feb 12	$10.58		.....	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0309		.....	–
Xiphias Int ECU	Ecu0 9716		.....	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. a Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. §§ Guernsey gross. ∮ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty cloaks the dollar

THE DOLLAR [redacted] slightly firmer yesterday, amid uncertainty about its near term direction. Confidence has [redacted] to improve recently, on suggestions that the [redacted] be at [redacted] the bottom of [redacted] long downward trend.

The comment from Mr [redacted] Brady, US Treasury secretary, appearing to favour a further easing of the Federal Reserve's monetary stance had a slightly depressing impact on the dollar, but this [redacted] countered by remarks from Mr Charles Dallara, US assistant Treasury secretary, suggesting that expectations of lower world [redacted] would off-[redacted] pressure on the currency from declining US [redacted]

Any decision by the [redacted] rates may be influenced by today's data on [redacted] trade. The weakness of the US [redacted] has [redacted] forecasts that the trade deficit in December might be about $1bn lower that the November [redacted] of $9.7bn.

Figures published yesterday showed that [redacted] business inventories fell 0.7 per [redacted] in December, after a revised 0.2 per cent increase in November. The market was looking for a December rise of about 0.1 [redacted] cent, but there [redacted] no impact [redacted] the dollar.

At the London close the dollar [redacted] improved [redacted] DM1.4660 from DM1.4565. This was near [redacted] technical resistance level. [redacted] noted large stop-loss buying orders for the dollar [redacted] around DM1.4670 and [redacted] that a move through that level could take the currency up to strong resistance at [redacted] [redacted] the other hand some traders do not rule out [redacted] near term slide [redacted] if there is [redacted] further cut in US interest rates.

Against the Japanese [redacted] the dollar [redacted] Y129.70 from Y129.05, taking it close to resis[redacted] Y130.00. The US currency also improved [redacted] SFr1.2495 and to [redacted] from FFr4.9625. On Bank [redacted] England figures the dollar's index [redacted] to [redacted] from [redacted]

Sterling maintained [redacted]day's upward trend against [redacted] D-Mark, despite the cut in UK bank [redacted] rates. The pound gained another ½ pfennig to DM2.9050. It also [redacted] to [redacted] from [redacted] to [redacted] from SFr2.4875, but was unchanged [redacted] Y257.00. Sterling [redacted] 1 [redacted] $1.9810 against the stronger dollar and its index index fell 0.2 to 94.4.

A rise [redacted] in January UK unemployment [redacted] lower than feared and December manufacturing output rose [redacted] per cent, [redacted] falling [redacted] per cent in November. But [redacted]lysts tended to suggest that the [redacted] did not point to [redacted] sudden economic recovery. Total industrial output fell [redacted] cent in [redacted] and manufacturing output would have fallen about 0.5 per cent [redacted] for the build up to the Gulf [redacted]

The impact of the [redacted] great. Sterling stayed [redacted] bottom of the European Monetary System despite its slight improvement against [redacted] members of [redacted] EMS exchange [redacted] mechanism.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.051	−4.18	[redacted]	73
Belgian Franc	42.4032	42.1339	−0.64	[redacted]	37
Dutch Guilder	2.31643	2.30604	−0.45	[redacted]	29
D-Mark	2.05586	2.04686	−0.44	[redacted]	37
Italian Lira	1538.24	1540.04	0.12	[redacted]	1
Irish Punt	0.767417	0.769366	0.25	[redacted]	−5
Danish Krone	7.84195	7.87669	0.44	[redacted]	−14
French Franc	6.89509	6.97502	1.16	[redacted]	−36
Sterling	0.696904	0.705495	1.23	[redacted]	−24

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum [redacted] percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9780 - 1.9855	1.9805 - 1.9815	1.07-1.05cpm	6.42	3.11-3.08pm	[redacted]
Canada	2.2820 - 2.2910	2.2845 - 2.2856	0.46-0.37cpm	2.18	1.55-1.40pm	[redacted]
Netherlands	3.2645 - 3.2750	[redacted]	1¼-1cpm	3.90	3¼-3pm	3.75
Belgium	59.50 - 59.90	[redacted]	20-15cpm	3.52	56-47pm	3.45
Denmark	11.1335 - 11.1860	[redacted] - 11.1525	3¼-2¾orepm	3.16	8¼-7¾pm	2.89
Ireland	1.0850 - 1.1020	1.0915 - [redacted]	0.30-0.25cpm	3.02	0.76-0.63pm	2.55
Germany	2.8970 - 2.9075	[redacted]	1-¾pfpm	3.87	2¾-2¼pm	3.87
Portugal	254.70 - 256.35	[redacted]	10-12cdis	−0.52	66-110dis	−1.38
Spain	181.05 - 181.95	[redacted]	1-9cdis	−0.33	27-40dis	−0.74
Italy	2178.80 - 2186.95	[redacted]	3¼-2lirepm	1.44	6-3¼pm	0.88

BASE LENDING RATES

	%		%		%
ABN Bank	13½	Co-operative Bank	13½	Nat Bk. of Kuwait	13½
Adam & Company	14	Coutts & Co	13½	Nat Westminster	13½
Allied Trust Bank	14	Cyprus Popular Bk	13½	Northern Bank Ltd	13½
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14
● Henry Ansbacher	13½	Duncan Lawrie	13½	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13½	Exeter Bank Limited	14	Royal Bk of Scotland	14
Bank of Baroda	13½	Financial & Gen. Bank	14	● Smith & Williamson Secs.	13½
Banco Bilbao Vizcaya	13½	First National Bank Plc.	16	Standard Chartered	14
Bank Credit & Comm	13½	● Robert Fleming & Co.	13½	TSB	14
Bank of Cyprus	13½	Robert Fraser & Ptnrs.	14	Unibank plc	13½
Bank of Ireland	14	Girobank	13½	● United Bk of Kuwait	14
Bank of India	13½	● Guinness Mahon	13½	United Mizrahi Bank	14
Bank of Scotland	13½	● Hambros Bank	13½	Unity Trust Bank Plc	13½
Banque Belge Ltd	13½	Hampshire Trust Plc	14½	Western Trust	13½
Barclays Bank	13½	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	13½
Benchmark Bank	14	● Hill Samuel	13½	Whiteaway Laidlaw	13½
Brit Bk of Mid East	14	C. Hoare & Co.	13½	Yorkshire Bank	13½
● Brown Shipley	13½	Hongkong & Shangh	14		
CL Bank Nederland	13½	● Leopold Joseph & Sons	13½		
● Charterhouse Bank	13½	Lloyds Bank	14		
Citibank NA	13½	Meghraj Bank Ltd	13½		
City Merchants Bank	13½	McDonnell Douglas Bnk.	13½		
Clydesdale Bank	13½	Midland Bank	13½		
Comm. Bk. of London Plc	13½	Mount Banking	13½		

● Members of British Merchant Banking [redacted] Association.

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
February	1699.0	1669.0	+22.0	1675.0	1656.0	8,128
March	1679.0	1679.5	+20.5	1686.0	1670.0	1,323
April	1682.0	1682.0	+13.0	1682.0	1682.0	0
June	-	-	-	-	-	200

Estimated volume 7,654 Total Open Interest 9,651

MONEY MARKETS

Optimistic mood

OPTIMISM THAT [redacted] week's cut in UK bank base [redacted] will be followed by a similar [redacted] around the time of next month's budget statement put downward pressure [redacted] wholesale interest [redacted] in London yesterday. Three-month sterling interbank fell to $13\frac{7}{16}$-$13\frac{5}{16}$ from $13\frac{9}{16}$-$13\frac{7}{16}$ per cent.

On Liffe March short sterling futures [redacted] discounting base [redacted] of [redacted] by delivery [redacted] March 20, [redacted] day after [redacted] budget, and may [redacted] lack further [redacted] improve. [redacted] delivery opened unchanged at 87.22 and [redacted] high of 87.31, [redacted] closing [redacted] 87.24.

UK clearing bank [redacted] lending [redacted] [redacted] per cent from February 13, 1991

March remains the most active month but activity [redacted] beginning [redacted] increase in June short sterling futures. The June price rose to [redacted] from 88.53, pointing towards [redacted] 11½ per [redacted] by the middle of the year.

Day-to-day credit was in short supply on the cash market. The Bank of England initially [redacted] a shortage of £1,050m, but revised this [redacted] £1,000m [redacted] noon. Total assistance of £845m was provided.

[redacted] early round of help [redacted] offered and at that time the authorities bought £164m bills outright, by way [redacted] £26m bank [redacted] in [redacted] 1 at 13¾ per cent; £1m Treasury bills in band 2 at 13¼ per cent; and £137m bank bills in band [redacted] 13¼ per cent.

Before lunch another £176m bills [redacted] purchased, via £23m bank bills in band 1 at 13¾ per [redacted] and [redacted] bank bills in band 2 [redacted] 13¼ per [redacted] In the afternoon [redacted] bills [redacted] bought, through £212m bank bills in [redacted] 1 [redacted] 13¼ per cent and [redacted] bank bills in band 2 [redacted] 13¼ per cent. Late [redacted] of around £200m was also provided.

Bills maturing in official hands, repayment of late assistance and [redacted] take-up of Treasury bills drained £866m, with exchequer transactions absorbing [redacted] a [redacted] in [redacted] circulation [redacted] and bank [redacted] below target £20m.

In Madrid Wednesday's cut in the Bank [redacted] Spain's [redacted] market intervention [redacted] was followed by [redacted] fall [redacted] from 14.517 per [redacted] in [redacted] 12-month Treasury bill rate [redacted] yesterday's tender. Bankinter, [redacted] medium sized bank, responded to the recent trend in Spanish rates by cutting its prime rate to [redacted] from 13.10 [redacted] cent.

In Frankfurt the German Bundesbank [redacted] the discount rate [redacted] per cent and the Lombard emergency financing rate at 9.00 per cent [redacted] yesterday's council meeting.

MONEY MARKET FUNDS

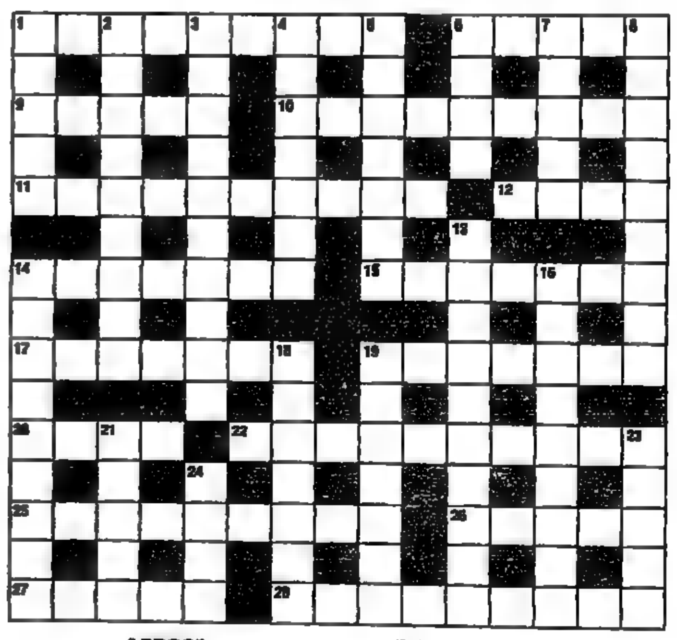
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,469 Set by DOGBERRY



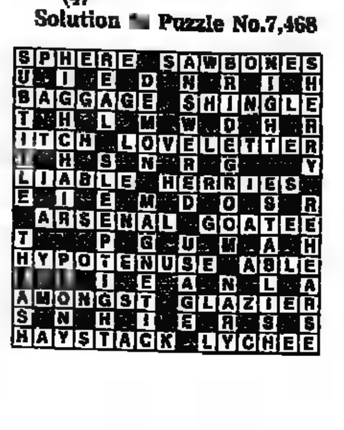
ACROSS

1 Shake crop [redacted] animate [redacted] (4-5)
[redacted] Belly has instincts to become distended [redacted]
9 Spirit-gauge has work quoted backwards [redacted]
10 Immediately compromise half [redacted] honour and repute (9)
11 Artists feature in revolutionary liqueur (10)
12 Record Mozart's [redacted] without cap (4)
14 Main source of such [redacted]nance? (7)
15 [redacted] warped and flickering (7)
17 Humble creature [redacted] be found from Flanders to America, roughly (7)
[redacted] Messenger's cheerful about copper (7)
20 Element of clue (4)
[redacted] An early theatre-goer, student [redacted] general knowledge (10)
25 Share 20 in charge [redacted] a country (5,4)
26 Marsh plant in New Zealand? (5)
27 Plenty to drink: politician involved (5)
28 Camouflage expert taking taking tea and fruit out east (9)

DOWN

1 Concert note included in introduction (5)
[redacted] Shriek, finding running water in headdress (9)
[redacted] Couscous with HP sauce? Funny business! (5-5)
4 [redacted] seeing [redacted] go topless (7)
[redacted] The [redacted] shall be raised (man included) incorruptible (7)
[redacted] Hunting [redacted] turned [redacted] be numerous (4)
7 Tree-man keeping quiet [redacted]
[redacted] Mouth-work – [redacted] dry out [redacted]
13 Right [redacted] to display rash condition (10)
14 Images [redacted] a chimney [redacted] mounted [redacted]
16 Clarify vague [redacted] 1d, having scoffed [redacted]
[redacted] Vehicle [redacted] lifted, [redacted]ing [redacted] heart (7)
19 Tailless animal, alias Greek food (7)
[redacted] wrote "Tales of [redacted] River" [redacted] "Water Rising" (5)
23 Enter right [redacted] of body (5)
[redacted] Plant inducing [redacted] (4)

Solution [redacted] Puzzle No.7,468



WORLD STOCK MARKETS

CANADA

TORONTO

4:00 pm prices February 14

INDICES

NEW YORK

DOW JONES	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Industrials	2877.23	2909.16	2874.75	2902.23	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	94.65	94.60	94.54	94.39	94.65 (14/2/91)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1097.85	1112.83	1111.42	1127.12	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.79	217.05	[illegible]	217.62	236.23 (2/1/90)	[illegible]	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 2942.08 (2918.32) Low 2852.48 (2848.51)

STANDARD AND POOR'S	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	364.22	369.01	365.50	368.57	369.01 (13/2/91)	295.46 (11/10/90)	369.01 (13/2/91)	4.40 (1/6/32)
Industrials	429.49	434.97	430.76	434.57	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	28.22	28.80	28.50	28.54	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	198.92	201.18	199.43	200.85	201.18 (13/2/91)	162.20 (11/10/90)	201.18 (13/2/91)	4.46 (25/4/42)
Amex Mkt. Value	340.80	342.94	340.65	341.10	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	444.31	447.57	443.98	444.10	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 8	Feb. 1	Jan.25	year ago (approx.)
Dow Industrial Div. Yield	3.57	3.70	3.88	4.09

	Feb. 13	Feb. 6	Jan.30	year ago (approx.)
S & P Industrial div. yield	2.91	3.01	3.20	3.09
S & P Indl. P/E ratio	17.89	17.39	16.58	14.23

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Alcan Alum.	6,620,000	22⅛	—
Boeing	4,690,400	48	+ ⅜
Nabisco RJ	3,292,200	7⅛	- ⅛
Citicorp	2,929,700	16⅛	- ⅛
Pepsico	2,899,100	31⅛	+ ⅛
Philip Morris	2,862,200	60⅛	- ⅛
Gen. Electric	2,808,500	67⅛	- ⅛
IBM	2,485,200	135⅛	+ ⅛
Am. Express	1,907,200	26⅛	—
Nike	1,796,900	46⅛	- 4⅛

TRADING ACTIVITY

† Volume (Millions)	Feb. 14	Feb. 13	Feb. 12
New York	230.750	309.960	258.780
Amex	18.127	16.528	18.646
NASDAQ	(u)	176.578	200.737
Issues Traded	2,032	2,041	2,057
Rises	607	1,042	772
Falls	1,034	558	860
Unchanged	391	441	425
New Highs	192	129	179
New Lows	1	3	5

CANADA

TORONTO	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW
Metals & Minerals	3166.28	3203.39	3169.40	3172.17	3453.05 (4/1/90)	[illegible] (8/11/90)
Composite	3492.25	3519.24	3504.78	3501.19	4009.47 (3/1/90)	[illegible]
MONTREAL Portfolio	1864.26	1882.70	1880.34	1880.74	2060.90 (3/1/90)	[illegible] (16/10/90)

Base values of all indices are 100 except [illegible] Common – 50; Standard and Poor's – 10; and Toronto [illegible] and Metals – 1000. [illegible] indices based 1975 and [illegible] Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 14 February 1991

4:00 pm prices February 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13½	9¾	AAR Corp			7	933	12⅞	12	12	-¼
25¼	21⅛	A L Labs R			18	78	23½	23	23	-⅛
[illegible]	40⅞	AMP Inc	1.44	0.03	17	2005	50⅛	47½	48	-2¼
60⅜	44¼	AMR				895124	[illegible]	56¼	57¼	-1⅜
2⅛	1¼	ARX			6	504	[illegible]	2	2⅛	+⅛
49⅜	41½	ASA	3.00	0.07	13	[illegible]	[illegible]	[illegible]	44⅞	-⅛
47⅞	39¾	Abbott Lab				206836	46⅞	[illegible]	46	-⅛
13	9⅞	Abitibi Pr			31	40	12⅞	12¾	12¾	-⅛
11⅛	10⅜	ACM Gvt In				664	11	10⅞	11	
9⅛	8¾	ACM GvOpp				61	9⅛	9	9	
8⅞	8¼	ACM Gvt Sp				484	[illegible]	[illegible]	9	+⅛
10⅜	9⅞	ACM Gvt Se				660	u10⅜	10⅜	[illegible]	
8	7⅝	ACM Man				577	u8⅛	7⅞	8⅛	+⅛
12½	11⅞	ACM Managd				163	12⅜	12¼	12⅜	
[illegible]	4¾	Acme Cleve	0.40	0.06	19	334	u7⅛	[illegible]	6⅞	+⅛
5	4¼	Acme Elect			16	72	5	4⅞	4⅞	
35	22¾	Acuson			26	1692	u35½	34⅝	34⅝	-¼
16⅝	14¼	Adams Exp x	0.48	0.03	0	134	16½	[illegible]	16¼	+⅛
20	18⅞	Adobe12Pf				42	19⅞	[illegible]	[illegible]	+⅛
9¼	7½	Adobe Res			[illegible]	[illegible]	8½	7¾	8⅜	+⅛
25½	18	Ad Micro			[illegible]	[illegible]	[illegible]	25⅛	25½	-⅛
8¼	4⅝	Ad Micro P				154662	[illegible]	7⅜	7⅞	-⅛
4½	2¼	Advest Grp			[illegible]	[illegible]	[illegible]	[illegible]	3⅛	-⅛
47½	33⅞	Aetna Ll				84048	u48½	47⅛	47⅜	+⅝
[illegible]	6⅝	Ahl A x	0.24	0.03	26	4083	9¼	9⅛	9⅛	-⅛
17⅛	12	Ahmanson x	0	[illegible]		96100	u17⅜	[illegible]	17⅛	
3⅞	2⅞	[illegible] Inc			7	56	3⅝	[illegible]	[illegible]	
61½	51⅛	Air Pr Chm			[illegible]	[illegible]	60½	58¼	59⅛	-¾
25	10⅝	Airbnc Frt x	[illegible]	[illegible]	13	743	24⅝	23¾	24	-⅝
16⅞	12½	Airgas Inc			[illegible]	[illegible]	16½	15⅜	15⅜	-1⅛
14½	10	Airlease	2.49	0.18	6	52	13¾	13⅜	13½	-⅛
92½	88¼	AlaPw8 16				8	91⅝	91⅝	91⅝	+⅛
[illegible]	0	AlaPw PfA				4	u23⅛	22⅞	23	+23
102	100	AlaPw9 44				2	u102	102	102	
107	104½	Alab Pw 11				z0	106	106	106½	
99⅛	96	Alab Pw 9P				2	u100¼	100¼	100¼	+1⅛

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17	11¾	Quanex			7	447	15¼	14⅞	15¼	
19⅝	11⅛	Quantum Ch				232745	18¼	18⅛	18⅜	−¾
14	10½	QuestVal D				347	u14¼	13¾	13¾	−¼
13⅝	12⅝	QuestVal P x				127	13¼	13⅛	13⅛	−¼
37¾	33⅛	Questar	[illegible]	0.05	14	198	u37⅞	36⅞	36⅞	−⅛
18⅝	10	Quick R'ty	[illegible]	0.02	13	639	u17½	18⅛	18⅜	−¼

[illegible]

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21⅛	14⅛	Xtra Corp	0.72	0.03	11	632	u21½	20⅞	21⅛	+½
1	⅞	Zapata			0	124	⅝	⅞	⅞	
7½	6⅛	ZenithElec				81617	u7⅞	7¼	7⅝	+¼
16⅝	12	Zenith Nat	1.00	0.06	32	342	u16½	15⅞	16½	+¼
5	4½	Zenix Inc	0.28	0.06		63	u5	4⅞	5	+¼
13	10⅞	Zero Corp	0.72	0.06	13	411	u13	12⅝	12⅞	+½
41⅛	29½	Zurn Ind	0.88	0.02	16	218	41⅛	39⅞	39⅞	−⅞
12⅞	10⅞	Zweig Fund				471	u12⅛	12	12	−⅛
9⅞	9½	Zweig Totl				676	9⅝	9½	9½	−⅛

[illegible] supplied [illegible] Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend [illegible] split-up or stock dividend. j-dividend paid this [illegible] deferred, or no action taken at latest dividend [illegible]. k-[illegible] declared or paid this year, an accumulative issue wi[illegible] dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issu[illegible] ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distri[illegible]ion. xw-without warrants. y-ex-dividend and sales in full. [illegible]-yield. z-sales in full.

NASDAQ NATIONAL MARKET

4:00 pm prices February 14

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMEX COMPOSITE PRICES

[illegible] pm prices February 14

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pat HldP		6	4	6¾	6¾	6¾	−⅛
Phil LD		5	334	13¼	12⅞	12⅞	−⅛
Pittway A		10	92	23¼	22⅝	23	
Ply-Gem x	0.[illegible]	11	58	7⅞	7	7	−⅛
PresidioA		3	591	4⅞	4½	4⅝	+⅛
Price Com		0	281	⅞	¾	⅞	+⅛
Pro Med		11	15	5⅞	5¾	6¾	−⅛
[illegible]							

AMERICA

Dow falls sharply on late programmed sales

Wall Street

A WAVE of late-afternoon computerised programme selling sent share prices rapidly into reverse yesterday, leaving the main indices sharply lower at the end of a busy day, [redacted] *Patrick Harverson* [redacted] *York.*

The Dow Jones Industrial Average [redacted] down [redacted] at 2,877.23, [redacted] 44-point turnround from the session's peak [redacted] just after midday. The broader-based Standard & Poor's [redacted], which started [redacted] retreat earlier than the Dow, finished 4.81 off at 364.21. Over-the-counter stocks [redacted] also weaker, the Nasdaq composite index relinquishing [redacted] 444.31.

New York SE turnover amounted to a heavy [redacted] shares, while declining [redacted] outpaced advances by [redacted] ratio of five-to-three.

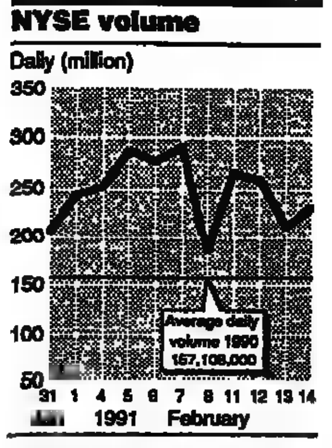
The market had started the session positively on hopes that today's spate of economic statistics – ranging from industrial production to the latest balance of trade – would spur the Federal [redacted] into cutting interest rates again.

Later in the day, however, disappointment that shares did not follow through on [redacted] day night's late rush of buying [redacted] a [redacted] round [redacted] profit-taking. Explained Mr Newton Zinder, technical analyst [redacted] Lehman: "The market [redacted] a bit exhausted after four weeks of rising prices."

IBM, the market's bellwether stock which [redacted] contributed greatly [redacted] the Dow's recent strong gains, [redacted] good session, although [redacted] selling [redacted] most of the day's gain [redacted] leave the stock up only $⅜ [redacted] after [redacted] trading. [redacted] has been bought heavily in [redacted] market's recent rally, rising 24 per cent since January 16, the day [redacted] the Gulf [redacted] started.

The two largest motor [redacted] panies in the [redacted] reported quarterly earnings. Ford slipped [redacted] to $30½ after unveiling [redacted] fourth quarter [redacted] of $519m, while General Motors gained [redacted] $36½ in spite [redacted] bigger than expected deficit of $1.6bn – [redacted] largest in its history – reported for the [redacted] three months of [redacted].

NYSE volume



Chrysler, which reported better than expected profits a week [redacted], rose $⅛ [redacted] $11¾.

Boeing recovered some of [redacted] loss incurred during the first three days of [redacted] week, climbing $¾ [redacted] $48 [redacted] turnover of 3.5m. The shares had fallen [redacted] concern about a number [redacted] reported postponements [redacted] aircraft orders by leading international carriers. However, yesterday's buying indicated that there was still [redacted] support for Boeing [redacted] at those levels.

[redacted] Corporation, [redacted] troubled media conglomerate, also bounced back from [redacted] weakness, improving [redacted] to $12¼ following a 69.3 per [redacted] increase in first half earnings.

Yet again, biotechnology [redacted] were in demand on the over-the-counter market. The best performer was Xoma, which [redacted] $2 to $27¼, [redacted] year's high. Amgen [redacted] $2 at $83, aided by positive analysts' comments [redacted] the company's meeting in California.

Nike dropped [redacted] on turnover of 1.4m shares after several broking houses [redacted] their 1991 earnings estimate for the sports shoe manufacturer. Addington Resources, the coal mining group, advanced $1½ [redacted] $13 on double the average volume on hopes that a favourable ruling from the Kentucky [redacted] court would allow Addington's landfill project in Kentucky to [redacted] operating.

Canada

TORONTO stocks [redacted] on [redacted] mixed note overall, but [redacted] chips ended lower for the first [redacted] in 12 [redacted] after profit-taking in [redacted] wake [redacted] New York late retreat.

The composite index, which had [redacted] than [redacted] points or 9.2 per cent in the [redacted] 11 sessions, lost 27.0 to 3,492.2. [redacted] led [redacted] by 318 to 272 [redacted] volume of [redacted] share.

ASIA PACIFIC

Nikkei climbs for eighth day [redacted] foreign-led buying

Tokyo

SHARE prices firmed in heavy trading yesterday, as the sharp rise on Wall Street on Wednesday triggered hopes that the US recession would be short. Some investors took profits, but strong buying on continued expectations of an easier monetary policy pushed the Nikkei average forward, *writes Emiko* [redacted] *Tokyo.*

The Nikkei closed 216.90 higher [redacted] 25,356.37, rising for the eighth consecutive day. The [redacted] opened [redacted] the day's low of 25,184.99 and reached a peak of [redacted] shortly before [redacted]. Volume [redacted] high [redacted] 1.1bn [redacted] previous day's [redacted]. Ms Julie Hudson [redacted] Barclays [redacted] Wedd [redacted]mented: "It [redacted] a healthy two-way market with the liquidi[redacted] coming into the mar[redacted] just like the old days."

Advances [redacted] 785 compared [redacted] declines of 250, while 107 issues [redacted] unchanged. The Topix index of [redacted] gained [redacted] to 1,898.47, [redacted] London the ISE/Nikkei 50 index [redacted] stronger [redacted] 1,470.32.

Foreigners underweight [redacted] Japanese equities [redacted] the [redacted]ket. Mr [redacted] *Muller* [redacted] Schroder [redacted] said US [redacted] UK [redacted] actively placing buy orders. He warned, however, [redacted] could [redacted].

Large-capital issues suc[redacted] profit-taking. [redacted]bishi Heavy Industries retreated Y11 to Y797, [redacted] Nippon [redacted] on [redacted] buying.

Automobile [redacted] stronger on hopes [redacted] recession in [redacted] Toyota Motor advanced Y30 to Y1,750 [redacted] spite [redacted] an [redacted] [redacted] will [redacted] exports [redacted] the US by [redacted] per cent in late-February and March. Honda [redacted] Y1,410.

International high-technol[redacted] similar expectations. Traders [redacted] sector [redacted] oversold. Kyocera [redacted] Y170 [redacted] Y6,150, NEC Y60 [redacted] Y1,510 and Toshiba Y33 to [redacted].

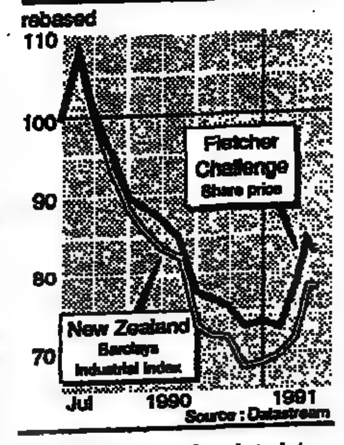
[redacted] financials [redacted] easier on foreign profit-taking. Nomura [redacted] shed Y10 to Y2,140 [redacted] & Fire surrendered [redacted] to Y1,380.

Oil manufacturers gained ground on reports [redacted] upward earnings revisions. Nippon Oil, expecting an [redacted] per cent [redacted] on-year increase in pre-tax profits, forged ahead Y58 to Y1,030. Mitsubishi Oil climbed Y30 [redacted] Y981.

Chiyoda Engineering, the plant engineering [redacted]ompany, receded Y20 to Y2,580 on profit-taking. The issue had previously advanced [redacted] hopes [redacted] a rise in oil plant orders after the Gulf war. Ebara, the industrial pump maker which had strengthened [redacted] hopes that the company would be involved in cleaning up the Gulf oil slick, declined Y40 to Y1,650.

Nippon Kakoh Seishi put on [redacted] Y1,350. The stock has been fluctuating recently [redacted] heavy trading by speculators looking for quick profits.

In [redacted], the [redacted] gained 504.11 to 27,693.29 on volume of 122.5m shares. Inves[redacted] on environmental prote[redacted] companies. Sumitomo Forestry moved up [redacted] Y1,680 [redacted] investors [redacted] encouraged by [redacted] tree-planting business. Kurita Water, [redacted] equipment maker, surged [redacted] Y2,650.



Roundup

THE ANTIPODEAN markets fell [redacted] disappointing corporate [redacted] economic news yesterday. Hong Kong, Kuala Lumpur, Taiwan, Seoul and Jakarta [redacted] closed for [redacted] Chinese [redacted] holidays.

NEW [redacted] was dragged lower by the [redacted]month results from [redacted] market leader, Fletcher Challenge, which [redacted] below expectations. The easier [redacted] prompted further profit-taking after [redacted] recent 12 per [redacted] rise. The Barclays index [redacted] per [redacted] lower [redacted] 1,372.75. Turnover rose [redacted] NZ$16.6m from NZ$12.6m.

Fletcher Challenge, [redacted] accounts for 25 per [redacted] weighting, tumbled 18 [redacted] NZ$3.50 [redacted] of [redacted] after reporting a 9.4 per [redacted] in [redacted] profits [redacted] in [redacted] fiscal first half to end-December.

AUSTRALIA declined again as the second crop of economic data in as many days dulled hopes of a rapid recovery in the economy and pointed to a delay in [redacted] further [redacted] of [redacted] interest [redacted]. Unemployment [redacted] per cent in January from December's 8.1 per [redacted]. The All Ordinaries index lost 5.3 to 1,372.9. Turnover fell to A$186m (A$261m).

[redacted] Corp, which gained [redacted] to A$7.26, announced after [redacted] that [redacted] operating profit [redacted] was up [redacted] per [redacted] first half ended December 31.

SINGAPORE finished the [redacted] half-day [redacted] before [redacted] lunar [redacted] on [redacted] buoyant [redacted]. The [redacted] *Times Industrial* [redacted] higher [redacted] 1,338.70. Volume [redacted] S$151m from [redacted].

The hotels sector, which has lagged behind [redacted] catching up yesterday. Shangri-La appreciated [redacted] cents [redacted].

MANILA was hit by the liquidation of margin [redacted]. The oil sector weakened on stop-loss selling, [redacted] mining issues, which [redacted] on the market's recent strength, advanced. The composite index dipped [redacted] to 862.48 in turnover of 356.9m pesos, against [redacted].

BOMBAY recovered on short-covering before the close of the account today. Trading [redacted] expected to remain dull until [redacted] government presents [redacted] budget [redacted] parliament [redacted] February [redacted]. The BSE index gained [redacted] 1,034.23.

BANGKOK made headway in active trading focused on speculative finance [redacted] after the [redacted] in New York [redacted] Tokyo. [redacted] SET [redacted] added 12.58 [redacted] in volume of 4.4bn baht.

EUROPE

Paris and Milan head rally in active session

THE OVERNIGHT rise on [redacted] *Street and the strength in Tokyo supported gains* [redacted] *most bourses yesterday, led by Paris and Milan. Frankfurt's early rise, however, evaporated in technical trading, writes Our Markets Staff.*

PARIS enjoyed a blue-chip rally, with the CAC 40 index closing above the 1,650 resistance level for the first time since December 13. The index rose 16.34 or 1 per cent [redacted] 1,652.68, [redacted] turnover picked up to about FFr2.32bn by the official close, compared with Wednesday's FFr1.9bn.

Among the day's winners, Elf Aquitaine [redacted] 3.2 per cent to FFr303.50 in active trading of 300,100 shares. One marketmaker [redacted] stock [redacted] still good value compared with other oil majors. The construction sector [redacted] also strong, with Lafarge Coppée rising FFr14 [redacted] FFr372 [redacted] 270,900 shares, although Bouygues fell FFr16 or 2.9 per cent to FFr530 on profit-taking.

Corporate news boosted [redacted] stocks. Alcatel Alsthom advanced FFr14 [redacted] 379,200 shares, after saying that it expected a rise in [redacted] earnings per share of [redacted] 17 per cent. LVMH, [redacted] luxury goods group, gained [redacted] FFr3,500 on volume of 19,740 shares after [redacted] said [redacted] profits had [redacted] about [redacted] cent.

Club Méditerranée recouped FFr11.50 [redacted] FFr424.5 after the previous day's rights issue and acquisition [redacted].

Cerus [redacted] FFr2.30 or [redacted] per cent [redacted] FFr119 with 240,700 shares exchanged, after [redacted] previous day's [redacted] that [redacted] had acquired [redacted] holding company's stake in [redacted] Générale [redacted] Belgique. [redacted] FFr3 to [redacted].

[redacted] closed [redacted] February [redacted] a firm note, which analysts believed [redacted] well for [redacted] account. The Comit index [redacted] its ninth consecutive gain, closing 10.2 [redacted] 1.9 per cent higher [redacted] 547.43. Volume was [redacted] Thursday's heavy [redacted].

Generali continued [redacted] advance, rising [redacted] L33,800, although there [redacted] official explanations for the recent jump. Mediobanca, the insurer's largest single shareholder, [redacted] L700 [redacted] L15,300.

[redacted] rose nearly L200 or 4 per cent to L5,250 in what [redacted] as technical trading. In January, Fiat's [redacted] the European [redacted] market fell from 14.5 [redacted] per cent.

Enimont was [redacted] at L1,551, but surged [redacted] L1,720 after hours [redacted] being suspended owing [redacted] trading imbalance in connection with the close on Wednesday of Eni's [redacted] for all outstanding [redacted] in the chemical [redacted]pany.

Cir, the holding [redacted] Mr Carlo De Benedetti, gained L81 or 3.4 per [redacted] after [redacted] that it had [redacted] holding in [redacted] de Belgique. Also [redacted] De [redacted] Olivetti rose [redacted] L3,569. Mr [redacted] told Le Figaro, [redacted] that [redacted] computer company's [redacted] profits would [redacted] $100m. He [redacted] in [redacted] with a US company [redacted] a possible link-up.

FRANKFURT failed to hold [redacted] early gains [redacted] ended lower in trading [redacted] by technical factors, with share prices swayed by movements [redacted] the DTB futures market.

By midsession, the DAX index had reached 1,505.51, the day's peak and its [redacted] level since December 17. But [redacted] 2.89 lower at 1,486.72, [redacted] prices prompted selling of [redacted] underlying stock. The [redacted] index, [redacted] midsession, [redacted] 637.51. Volume grew [redacted] from DM5.2bn.

[redacted] blue chips [redacted] off their peaks. Deutsche Bank [redacted] a high of DM655 [redacted] closing just DM1 [redacted]. Lufthansa, [redacted] national airline, continued [redacted] on foreign demand, putting [redacted] another [redacted] DM116.50.

MADRID welcomed a [redacted] in one-year Treasury bill interest rates, following the cut in [redacted] bank's repo rate on Wednesday. The general index rose 1.52 to [redacted].

AMSTERDAM closed [redacted] day's high in turnover boosted by options-related activity. The [redacted] general tendency [redacted] rose 1.3 [redacted] 85.1.

ZURICH finished little changed [redacted] profit-taking followed [redacted] round [redacted] buying, prompted by further [redacted] in short-term [redacted] rates. The [redacted] Suisse index rose 1.9 [redacted] 510.3 in good volume.

STOCKHOLM recovered from early losses to close mixed. [redacted] Copco continued to [redacted] before its 1990 results, which are due today. [redacted] free B [redacted] shed SKr7 to [redacted].

BRUSSELS [redacted] heavy [redacted]ing of [redacted] in [redacted] Générale [redacted] Belgique, [redacted] Wednesday's [redacted] Suez [redacted] France had [redacted] grip on [redacted] conglomerate. The [redacted] were flat at BFr2,050.

[redacted] closed mostly higher in spite [redacted] drop [redacted] shipping shares. The all-share [redacted] 469.80 in active trading worth NKr410.5m. [redacted] Hydro, [redacted] reported [redacted] net income, [redacted] NKr3 [redacted] NKr185.

[redacted] had [redacted] strong day, [redacted] general index gaining 47.34 or [redacted] per [redacted] 1,070.64. ISTANBUL recouped Wednesday's [redacted] pleasing [redacted] company results. [redacted] 4,928.15, up 117.5 [redacted] per [redacted] as turnover grew [redacted] TL176bn [redacted] TL145bn.

VIENNA [redacted] in brisk trading. The bourse index [redacted] 8.12 [redacted].

SOUTH AFRICA

JOHANNESBURG closed mostly firmer yesterday on a weaker financial rand and steady bullion prices. The [redacted] gold index rose 8 [redacted] 1,044 and the industrial index climbed [redacted] to 3,144. The all-share index added 25 to 2,713.

Gulf war unleashes spell of heavy trading

Volumes last month mostly reverted to pre-December levels, writes Jacqueline Moore

THE FIRST [redacted] of [redacted] year saw volumes in [redacted] European stock markets revert to their pre-December levels. The outbreak [redacted] war in the Gulf [redacted] January 17 produced a brief spell of heavy trading, but most bourses calmed down again towards the end of the month.

The biggest month-on-month rise in turnover was in the Netherlands, which saw activity pick up by [redacted] per cent. Mr James Cornish of County NatWest, which provides [redacted] figures, points [redacted] that last month's gain [redacted] after a weak December, when turnover had fallen [redacted] per [redacted] in the run-up to Christmas.

Nevertheless, Amsterdam was more active in January than in October and November last year, [redacted] foreigners returned. Heavy trading in insurance shares, [redacted] Aegon tried to have [redacted] terms of the merger between Nationale-Nederlanden and NMB Postbank changed, also boosted volume.

The Swiss market was also more lively, although January's 45 per cent gain is provisional. Hopes of lower interest rates surfaced during the [redacted]ond half [redacted] month, increasing the demand for Switzerland's financial shares.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Oct 1990	Nov 1990	Dec 1990	Jan 1991	US $bn
Belgium	26.00	24.00	18.56	21.59	0.71
France	82.00	74.60	92.30	101.76	[redacted]
Germany	95.60	90.20	78.00	81.40	[redacted]
Italy	[redacted]	8,196.00	[redacted]	[redacted]	[redacted]
Netherlands	10.90	10.43	7.16	11.02	[redacted]
Spain	442.00	468.00	614.49	498.46	[redacted]
Switzerland	12.40	9.10	8.30	*12.00	[redacted]
UK	28.70	25.00	†23.80	24.50	[redacted]

[redacted] *represent* [redacted] * [redacted] *figure* † [redacted] *figure.* [redacted] *data* [redacted] *to* [redacted] *off-market* [redacted] *figures* [redacted] County [redacted] WoodMac

The worst performance in volume [redacted] in January [redacted] in Spain, which fell [redacted] cent. As in the Netherlands and Switzerland, [redacted] was mostly a correction from an abnormal figure for [redacted] previous month – while the other markets had [redacted] quiet in December, Spanish [redacted] had grown by [redacted] cent. [redacted] month's reversal confirmed suspicions that December's increase in activity in Spain had [redacted] caused by year-end window dressing.

Also down sharply last month was Italy, where turnover dropped by 13 per cent. The monthly [redacted] of L8,672bn was similar [redacted] last November's level, which was also unusually light, and compares with an average [redacted] L16,300bn [redacted] in 1990 [redacted] whole.

As in November, [redacted] crucial factor for Italy [redacted] month was [redacted]. In November, a capital gains tax on profits from share dealings [redacted] into [redacted] scared away domestic investors; in January, changes to that [redacted] came into effect, which kept private [redacted] firmly on [redacted] sidelines.

Italy [redacted] despondent about its corporate sector. Fiat's worse than expected [redacted] prompted busy selling of the carmaker's shares towards the end [redacted] month, [redacted] then [redacted] trading [redacted]all. International investment in Italy was described as minimal [redacted] January.

The [redacted] allied bombing raids on Iraq on January [redacted] produced [redacted] leap in [redacted] prices and in volumes throughout Europe [redacted] day. Investors showed relief [redacted] the [redacted]tainty [redacted] when the [redacted] would begin [redacted] over.

German turnover swelled on January [redacted] DM3.1bn [redacted] DM8.7bn – [redacted] highest daily [redacted] August – as the DAX index jumped 7.6 per cent, while French volume grew [redacted] from the previous day's FFr1.2bn, [redacted] the CAC 40 [redacted] gained [redacted] per cent.

[redacted] initial excitement, European volumes subsided again [redacted] January, [redacted] Mr Cornish, although they [redacted] revived [redacted] month, mainly [redacted] moves [redacted] expectations.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, [redacted] & Co., and County NatWest/Wood Mackenzie in conjunction with [redacted] Institute of Actuaries [redacted] Faculty [redacted] Actuaries

NATIONAL [redacted] REGIONAL MARKETS. Figures in parentheses show number [redacted] lines [redacted]	THURSDAY FEBRUARY 14 [redacted]								WEDNESDAY [redacted]					DOLLAR INDEX		
	US Dollar Index	[redacted] %	[redacted] Index	[redacted] Index	[redacted] Index	Local Currency Index	[redacted] % chg on day	[redacted] Yield	US [redacted] Index	Pound [redacted] Index	Yen Index	DM Index	Local Currency Index	[redacted] High	1990/91 [redacted]	[redacted]
Australia (75)	[redacted]	−0.6	[redacted]	108.52	[redacted]	109.79	−0.6	[redacted]	130.73	[redacted]	[redacted]	[redacted]	110.43	156.31	112.74	[redacted]
Austria (19)	[redacted]	+1.2	[redacted]	[redacted]	[redacted]	[redacted]	+1.8	1.75	[redacted]	[redacted]	[redacted]	[redacted]	152.93	285.63	167.00	[redacted]
Belgium (60)	146.72	−0.4	[redacted]	[redacted]	111.82	[redacted]	+0.1	[redacted]	147.24	[redacted]	120.10	111.49	[redacted]	160.02	[redacted]	[redacted]
Canada (116)	[redacted]	−1.0	[redacted]	113.43	[redacted]	[redacted]	−0.9	[redacted]	139.71	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Denmark (32)	[redacted]	+0.4	[redacted]	[redacted]	[redacted]	198.14	+0.9	1.52	257.91	[redacted]	210.39	[redacted]	[redacted]	[redacted]	217.74	252.39
Finland (21)	[redacted]	+0.8	[redacted]	[redacted]	[redacted]	81.18	+1.1	[redacted]	[redacted]	[redacted]	[redacted]	81.63	80.26	[redacted]	[redacted]	[redacted]
France (113)	145.10	+0.5	[redacted]	[redacted]	[redacted]	[redacted]	+1.2	3.64	144.34	[redacted]	117.73	109.29	112.36	168.85	[redacted]	[redacted]
Germany (68)	120.87	+0.3	[redacted]	99.11	[redacted]	[redacted]	+0.9	2.47	[redacted]	89.76	[redacted]	91.27	91.27	[redacted]	101.38	[redacted]
Hong Kong (48)	139.21	+0.0	104.19	114.13	106.11	139.23	+0.0	[redacted]	[redacted]	[redacted]	[redacted]	105.40	[redacted]	[redacted]	112.24	119.51
Ireland (16)	[redacted]	+0.1	121.42	[redacted]	[redacted]	[redacted]	+0.7	3.64	[redacted]	[redacted]	132.25	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Italy (91)	85.16	+1.5	63.74	[redacted]	[redacted]	70.12	+2.1	[redacted]	[redacted]	62.46	68.42	63.51	[redacted]	[redacted]	[redacted]	[redacted]
Japan (453)	[redacted]	+0.4	[redacted]	117.79	[redacted]	117.79	+0.9	[redacted]	[redacted]	[redacted]	116.70	[redacted]	116.70	[redacted]	106.58	185.03
Malaysia (34)	221.77	+0.1	[redacted]	181.61	[redacted]	229.29	+0.0	[redacted]	221.61	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	242.81
Mexico (12)	599.50	−0.1	[redacted]	[redacted]	[redacted]	1945.08	−0.2	0.35	[redacted]	446.68	489.32	[redacted]	1948.51	[redacted]	[redacted]	374.04
Netherland (41)	143.56	+0.2	107.44	117.70	[redacted]	108.14	+0.8	4.97	143.30	106.71	[redacted]	108.51	107.33	149.03	125.70	137.27
New Zealand (15)	50.25	−3.1	37.60	[redacted]	[redacted]	[redacted]	−3.3	7.73	[redacted]	[redacted]	42.32	[redacted]	45.41	75.36	41.18	67.23
Norway ([redacted])	217.24	+1.5	[redacted]	178.11	[redacted]	[redacted]	+1.9	[redacted]	214.05	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Singapore (25)	[redacted]	+1.3	[redacted]	151.16	[redacted]	145.08	+1.5	[redacted]	[redacted]	[redacted]	[redacted]	137.80	142.94	[redacted]	147.24	[redacted]
[redacted]	193.15	−0.5	[redacted]	158.35	147.21	[redacted]	+1.1	[redacted]	[redacted]	[redacted]	158.35	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Spain (41)	[redacted]	+0.2	[redacted]	[redacted]	124.74	113.76	+0.9	4.99	163.25	121.57	[redacted]	123.62	112.73	[redacted]	[redacted]	[redacted]
Sweden (27)	[redacted]	−0.6	134.17	[redacted]	[redacted]	[redacted]	−0.3	2.82	180.42	[redacted]	147.18	[redacted]	[redacted]	234.93	[redacted]	[redacted]
Switzerland (65)	[redacted]	−0.5	[redacted]	[redacted]	75.77	[redacted]	+0.1	[redacted]	99.90	[redacted]	[redacted]	[redacted]	[redacted]	109.77	82.17	[redacted]
United Kingdom (296)	[redacted]	+0.8	[redacted]	149.36	[redacted]	[redacted]	+1.3	5.15	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	182.19	[redacted]	159.48
[redacted] (526)	147.51	−1.3	110.40	[redacted]	112.43	147.51	−1.3	[redacted]	[redacted]	111.24	121.87	113.12	[redacted]	[redacted]	[redacted]	[redacted]
Europe ([redacted])	147.72	+0.5	110.55	121.11	[redacted]	111.93	+1.1	4.17	[redacted]	109.41	[redacted]	111.27	110.71	157.65	124.91	141.87
Nordic (110)	[redacted]	+0.1	[redacted]	[redacted]	141.64	[redacted]	+0.6	2.12	165.61	[redacted]	151.41	[redacted]	139.90	223.29	155.55	[redacted]
Pacific Basin (650)	142.64	+0.4	106.75	116.95	108.72	117.85	+0.8	1.07	142.10	[redacted]	115.92	107.61	116.86	[redacted]	107.82	181.02
Euro–Pacific (1590)	145.08	+0.4	108.58	[redacted]	[redacted]	116.17	+1.0	[redacted]	144.44	107.56	117.82	109.37	115.07	174.18	116.03	[redacted]
North America (642)	146.85	−1.2	[redacted]	120.41	111.95	[redacted]	−1.2	3.35	[redacted]	110.73	121.31	[redacted]	147.20	148.70	119.26	[redacted]
Europe Ex. UK (644)	126.69	+0.3	94.82	[redacted]	[redacted]	[redacted]	+0.9	3.44	[redacted]	[redacted]	[redacted]	[redacted]	96.73	[redacted]	[redacted]	[redacted]
Pacific Ex. Japan (197)	129.68	−0.3	97.05	[redacted]	[redacted]	114.42	−0.3	5.56	130.09	[redacted]	[redacted]	[redacted]	114.76	[redacted]	111.40	[redacted]
World Ex. [redacted] (1778)	[redacted]	+0.4	[redacted]	119.37	110.97	118.81	+0.9	2.42	[redacted]	[redacted]	[redacted]	109.83	115.77	173.77	117.12	165.14
[redacted] Ex. UK [redacted]	141.49	−0.3	[redacted]	[redacted]	[redacted]	125.37	+0.0	[redacted]	[redacted]	[redacted]	115.79	107.49	[redacted]	[redacted]	115.37	152.98
World Ex. So [redacted] (2244)	144.81	−0.2	108.37	118.73	110.38	[redacted]	+0.1	[redacted]	145.08	[redacted]	[redacted]	109.67	126.21	161.84	118.04	[redacted]
World Ex. Japan (1851)	147.27	−0.5	110.22	[redacted]	[redacted]	[redacted]	−0.3	3.76	[redacted]	110.22	120.75	112.10	131.27	[redacted]	[redacted]	[redacted]
The World Index (2304)	145.10	−0.2	[redacted]	[redacted]	110.60	[redacted]	+0.1	2.74	[redacted]	[redacted]	[redacted]	110.09	126.26	162.05	118.33	[redacted]

 [redacted] closed February 14: Hong Kong and Malaysia.

FT LAW REPORTS

Case documents [redacted] not privileged

ITALIA EXPRESS
Court of [redacted] (Lord [redacted] Parker, Lord Justice Bingham and Sir Michael Kerr): February [redacted] 1991

Documents obtained by [redacted] solicitor for the purpose of his client's litigation, but not brought into [redacted] for that purpose, are not protected by legal professional privilege and may [redacted] subject [redacted] an order for discovery.

The Court [redacted] Appeal [redacted] held [redacted] allowing [redacted] appeal by [redacted] plaintiff, Mr [redacted] Ventouris, [redacted] Mr Justice Saville's decision refusing his application for further [redacted] discovery [redacted] in his claim against [redacted] defendant representative underwriter, Mr Trevor [redacted] Mountain.

[redacted] JUSTICE BINGHAM [redacted] that in [redacted] 1988 Italia Express [redacted] lying alongside Drapetsona New Mole at Piraeus, Greece, [redacted] subject [redacted] explosions which [redacted] her [redacted] total [redacted].

Mr [redacted] was owner [redacted] the vessel. He [redacted] on her [redacted] risk underwriters. They rejected [redacted] claim. [redacted] proceedings against Mr Mountain as the underwriters' representative, for his [redacted] of [redacted] ship.

Mr Mountain in his [redacted] admitted [redacted] explosions and the loss, [redacted] they were [redacted] connived at by Mr Ventouris himself. That pleading relied heavily on information [redacted] to have been given [redacted] Mr Mountain by a cousin of Mr Ventouris, referred [redacted] as GDV.

It [redacted] alleged that GDV was initially party [redacted] plan to destroy the vessel, but was [redacted] excluded from it.

The allegations [redacted] strongly denied by Mr Ventouris. [redacted] court was [redacted] concerned, [redacted] the present [redacted], with their truth or falsity.

After service [redacted] the [redacted] Mr Ventouris sought further and better discovery [redacted] various classes [redacted] documents. [redacted] Mountain contended [redacted] they were protected from production [redacted] legal professional privi[redacted]. In particular, he [redacted] privilege in respect [redacted] "all documents received by, or on behalf of, the underwriters from GDV".

The ground on which privilege was claimed was that, whatever the original purpose [redacted] which the documents [redacted] brought into existence, they were all obtained by Mr Mountain's solicitors from GDV for the purpose [redacted] assisting in the expected litigation.

Mr Justice [redacted] upheld the claim to privilege.

On the present appeal [redacted] question [redacted] whether legal professional privilege could be claimed for documents [redacted] not previously in [redacted] party's possession, which had not come [redacted] existence [redacted] purpose [redacted] litigation, [redacted] obtained by his solicitors for that purpose.

The [redacted] of legal profes[redacted] privilege was [redacted] in the public [redacted].

It was necessary [redacted] potential litigants should [redacted] unburden [redacted] without reserve to their legal advisers, and [redacted] legal [redacted] should [redacted] give [redacted] and candid [redacted] sound factual [redacted] without [redacted] that communications might [redacted] on by an opposing party in court.

Confidential communications [redacted] party to litigation [redacted] legal [redacted] and third parties [redacted] the [redacted] the litigation were protected [redacted] production [redacted] other party. So were [redacted] prepared for the dominant purpose [redacted] submission [redacted] adviser in connection with [redacted] or anticipated litigation (see *Waugh v* [redacted] *Railways Board [1980] AC* [redacted]).

[redacted] how much further [redacted] privilege extended.

Mr Ventouris argued [redacted] it did [redacted] extend to [redacted] original document [redacted] if obtained for litigation purposes, if it did not come into existence for those purposes.

Mr Mountain argued that the privilege covered [redacted] original [redacted] litigation purposes, whether [redacted] not it existed [redacted] litigation was contemplated [redacted] commenced.

Approaching the issue as one of principle without regard to authority, Mr Ventouris's contention [redacted] preferable.

Our [redacted] civil procedure was founded on [redacted] rule that [redacted] justice were [redacted] served [redacted] parties to litigation were obliged [redacted] produce for the other party's inspection all documents in their possession, custody or power, relating [redacted] issues in the [redacted].

That was not an absolute rule. Nonetheless, disclosure being generally regarded as beneficial, any exception had to be justified as serving [redacted] public interest [redacted] gave [redacted] exception.

The courts must not encroach on a litigant's right to [redacted] and obtain legal advice [redacted] the seal [redacted] confidence, nor on his and his legal [redacted] for and conduct his case without revealing [redacted] of that advice.

But it was hard [redacted] see how those rights [redacted] infringed if a party was obliged to produce an original document which was in [redacted] before litigation was in the air, and obtained from [redacted] third party for purposes [redacted] the litigation, but which [redacted] third party could be compelled [redacted] produce [redacted] the trial [redacted] ground [redacted] objection.

[redacted] which principle [redacted] was [redacted] which authority supported, though the question had [redacted] fallen squarely [redacted] decision.

In *Anderson* [redacted] *Bank of* [redacted] *Columbia [1876]* [redacted] *ChD* [redacted] Lord [redacted] that "[redacted] you [redacted] no right [redacted] your adversary's brief, you have no right [redacted] that *which comes* [redacted] merely as [redacted] for [redacted] brief". It was clear [redacted] did not [redacted]plate extension [redacted] privilege [redacted] in [redacted] question [redacted] litigation arose.

Lord Denning MR [redacted] the principles of legal professional privilege, [redacted] "privilege in aid [redacted] litigation", in *Butte's* [redacted] *[1981] QB* [redacted].

He said privilege in aid of litigation [redacted] be divided into [redacted] classes. The first [redacted] legal professional privilege, properly so-called, extending [redacted] all communications between client [redacted] the purpose [redacted] obtaining advice. It existed [redacted] litigation [redacted] anticipated or not.

The second only attached to communications which came [redacted] with [redacted] dominant purpose [redacted] being used in aid of pending or contemplated litigation.

[redacted] "That [redacted] settled by the House of Lords in *Waugh* [redacted] *British Railways Board* . . . The House approved of the short [redacted]ment by James LJ in *Anderson* . . . 'you have no right to see that which comes into existence merely as [redacted] materials for the brief'".

In Australian case *National Employers' Mutual General Insurance* [redacted] *(1979)* [redacted] *CLR 648,654* Mr Justice Mason said the law of legal professional privilege was concerned with the purpose for which a document recording information was brought into existence. New Zealand had adopted the [redacted] dominant purpose laid down [redacted] *Waugh*, not the [redacted] test [redacted] purpose favoured by the [redacted] Court [redacted] in [redacted] *[1976]* [redacted] *CLR* [redacted]. In Canada there had been some [redacted] of judicial opinion.

Mr Dyson for Mr Mountain [redacted] that [redacted] gathered by solicitors for the purpose [redacted] litigation [redacted] privileged. [redacted] binding rule was [redacted] in relation [redacted] by such [redacted] as *The Palmero* [redacted] *9PD 6* and *Watson v Cammell Laird [1959] 1 WLR 702*, where the mere fact that copies were made for purposes of litigation was enough; and that it would be anomalous if original documents were subject [redacted] different regime. If an original document was obtained [redacted] a solicitor from a third party for [redacted] purpose of conducting [redacted] client's litigation it [redacted] privileged.

Mr Tomlinson expressed [redacted]ervations about [redacted] cases on copies, but he argued that whether or not they were consistent and satisfactory, the question to be asked of originals obtained by legal advisers was always that posed by Mr Justice Jacobs in *Grant v Downs* [redacted] page [redacted]: "Does [redacted] purpose [redacted] supplying [redacted] material [redacted] legal adviser account [redacted] material?". If [redacted] material was privileged; if no, it was not.

The fact [redacted] a solicitor had obtained a potentially impor[redacted] pre-existing original document from a third party should not, Mr Tomlinson argued, enable the [redacted] client [redacted] that document from [redacted] forensic arena. There would be [redacted] real threat [redacted] the interests [redacted] justice if [redacted] law were otherwise.

Mr Tomlinson's argument, in principle, was preferable. The overall [redacted] of authority was to reinforce it. Nothing in the cases suggested that a pre-existing document obtained by a solicitor for litigation purposes should be privileged from production and inspection. Such a rule would pose a threat to the administration [redacted] justice.

The appeal [redacted] allowed. The documents were not protected by legal professional privilege.

Lord Justice Parker and Sir Michael Kerr agreed.

For Mr Ventouris: Stephen Tomlinson QC and Stephen Hofmeyr (Hill Taylor Dickinson).

For Mr Mountain: [redacted] *Dyson QC and Andrew Popplewell (Ince & Co).*

Rachel Davies
Barrister

RECRUITMENT

JOBS: Danger of official proposals for assessing competence for complex types of work

Intelligence can thrive without principles

WHEN YOUR job throws up a challenge needing action, how do you react? Do you work out what to do in line with defined principles that you could spell out if so requested? Or do you respond largely by "feel", with little or no awareness of guiding principles?

What prompts me to ask is readers' rejoinders to the scepticism this column expressed two weeks ago about the British department of employment's scheme to assess people's fitness for complex work such as *management*. In case some of you here today were missing then, I'd better recall that the employment bureaucracy plans to lay down *standards for skilled* jobs so that candidates for same can be pre-tested against the standards to see if they are competent.

The department is evidently [redacted] strong believer in *defined* principles. For it proposes to call on them in assessing competence for kinds of work in which what the worker is *actually doing is not* visible to an [redacted]de observer. An example is "managing change".

In the bureaucrats' view, fitness for such work can be assessed by asking the *candidates questions*. The person testing their competence would give them a description of some challenge likely to arise in the job, and ask first what they would do in response, then why they'd do it. The idea is that their answer to the "why" question would enable the assessor to judge how well they understood the principles by which the task is done.

The doubt I expressed on that point a fortnight ago arises from personal experience. The work of managing is clearly far more complicated than my own job – writing newspaper columns. But although *I'd claim to be quite good at it*, I am not aware of anything that could be sensibly termed principles by which my less complex work is done. I do it by *feel*.

So far 18 readers have commented on the issue. All but three agree that the employment department is optimistic to expect its proposed questioning process will give a *reliable assessment of fitness* for complicated jobs, especially if they entail innovation.

Even so, 14 interpret my scepticism about the relevance of defined principles *to complicated* work as upholding the discredited cult of British amateurism which assumes that managers and so on are born, [redacted]. *"You're essentially* arguing that there's no point in thinking about your performance with [redacted] view to improving it," says one. "You either have inna[redacted] talent for something and [redacted] ha[redacted] no need to learn – or lack it, in which case you wouldn't be able to."

I am arguing nothing of the sort. The fact [redacted] there are no defined principles governing a particular kind of work, does not stop people from thinking about it and *improving their performance* as a result. And I hope to show it by referring to one of the great poems of the English tongue.

It is John Keats's The Eve of St Agnes: the night when maidens are supposed to dream of their future husbands. The actual date is January 21, but the arrival of St Valentine's day tomorrow makes it topical. So, *in snow-heaped parts of* Britain at least, does the poem's opening which reads:

St Agnes' Eve – Ah bitter chill it was!
The owl, for all his feathers, was a-cold;

The poet goes on to tell of the breathtakingly romantic first meeting of two lovers – Madeline and Porphyro – in the most dodgy circumstances. It took place at night in her bedchamber in the castle of her father, a baron who was not only a blood enemy of the young man's family, but was throwing a party for his allies in *the feud*. Two other characters who come into the act are Madeline's aged nurse Angela, who fixed the meeting, and an even older "Beadsman" who sits about telling his rosary.

If it were true that innate talent was all that mattered, John Keats's first drafts of it would surely have been as beautiful as the version which finally appeared in [redacted]rint. B[redacted] th[redacted] [redacted] not [redacted] case. Indeed, there are things in the early draft he sent to his brother George, which make one marvel that the poem ever recovered.

For a start, the young lover's name was originally not Porphyro. It was Lionel which, with due respect to readers bearing that handle, scarcely evokes thrilling romance. But the best example of the difference between the lugubrious early drafts and the perfect final version is the poem's last verse. As published, it reads:

And they are gone: aye, ages long ago
These lovers fled away into the storm.
That night the Baron dreamt of
many a woe,
And all his warrior-guests, with
shade and form
Of witch, [redacted] demon, and large
coffin-worm,
Were long be-nightmar'd. Angela the old
Died palsy-twitch'd, with meagre
face deform;
[redacted] *Beadsman, after thousand aves told,*
For aye unsought for slept among
his ashes cold.

In the original, the last 3½ lines were:

"... Angela went off
Twitched with the Palsy; and with
face deform
The beadsman stiffen'd, twixt a sigh
and laugh
Ta'en sudden from his beads [redacted]
weak little cough.

[redacted] if readers [redacted] spell [redacted] any principles by which such transformations can be made in pieces of writing, I'd be grateful to hear them. While I've often wished I knew some these past 30 years, I've been unable to find a single one. Nonetheless, even though such principles evidently do not exist, John Keats was *still able to think about his performance* and immeasurably improve it as a result.

My claim is that the same applies to all complex work, not least that of managing, which throws up new challenges requiring an innovative response.

What's more, should anyone protest [redacted] management is not comparable with a *creative art such as poetry, I'd refer* them to a study by Iain Mangham and colleagues at Bath University business school of the chief executives and top teams of [redacted] of Britain's most successful companies. *Although* the book on the findings has not yet been published, they were outlined in the FT's management page *on August 7 1989*.

The researchers set out with the object of identifying the principles by which management is done, in line with the widespread idea that managers run their organisations much as their skilled subordinates operate machine tools and the like. But what the Bath team found was entirely different. The 50 executives they consulted rejected the idea that they were guided by *widely* applicable management principles.

As Mangham explained: "Those we *studied don't run their organisation* by operating it as skilled workers would a machine tool: they shape it like sculptors do their raw [redacted] Moreover, they learned the job by actually doing it, modelling themselves on [redacted] practitioners they saw as masters. As a result, they've pieced together a particular *sense of what can be done with the mate*rial to hand under particular conditions, and of what sort of result will be 'good enough' in the circumstances."

To my mind at least, those words seem an equally apt description of the ways by which John Keats came to publish good poetry. By trial, error and intelligent *reflection, he developed the skill to see* when what he had done so far wasn't "good enough", and put in the thoughtful work needed to change it so that it was, even though there were no principles to guide him.

The danger with [redacted] employment department's scheme is not in the attempt *to define principles for complex jobs*, but in using them as a criterion for deciding who shall and shall not be certified as competent to do them. In that case, I fear, fewer and fewer innovative talents would get the chance to develop to the full.

Michael Dixon

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

THE POLYTECHNIC OF HUDDERSFIELD

ASSISTANT RECTOR
[redacted]

The Polytechnic requires a senior executive with significant management experience and entrepreneurial flair [redacted] give impetus and strong leadership to the generation of income [redacted] plan the effective and efficient use [redacted] the financial [redacted] physical [redacted] of [redacted] Institution. The successful applicant will be a member [redacted] the Rectorate.

Professional experience of higher education or relevant experience in industry/commerce [redacted] in the use of computer based information systems will [redacted] advantage.

The salary will be commensurate with the seniority of this very important post and the experi[redacted] the successful candidate. [redacted] relocation package is available.

The title of professor may [redacted] conferred on [redacted] suitably distinguished appointee.

Candidates wishing [redacted] discuss [redacted] post should contact the Deputy Rector, Professor Barr, telephone [redacted] ext. 2120.

Application forms and further particulars can [redacted] obtained from the Head of Personnel Services, The Polytechnic of Huddersfield, Queensgate, Huddersfield HD1 3DH. Telephone 0484 [redacted] ext. 2223/4.

The Top Opportunities Page

Appears in the [redacted] Wednesday
For further information please [redacted]
Stephanie Spratt [redacted]
Elizabeth Arthur 071-873 [redacted]

Chief Executive

Defence Research Agency

The Defence Research Agency is one of the new Executive Agencies being established within the Civil Service to improve efficiency, effectiveness and the quality of service through a more [redacted] approach.

Consisting of the four non-nuclear Defence Research Establishments, the new Agency, with some 12,500 employees and an annual turnover of around £690m, will provide wide-ranging scientific and technical services of internationally recognised quality largely, but not exclusively, to the Ministry of Defence.

A Chief Executive of the highest calibre, who will be personally responsible to the Defence Secretary, [redacted] needed to bring about major evolution in the shape, size and culture of the Agency while preserving scientific excellence. In this role, your priorities will be to:

— fuse the separate Establishments into a single and efficient business organisation with a streamlined asset base,

— [redacted] a commercial, customer orientated and competitive culture,

— [redacted] management systems [redacted] practices that will enable [redacted] Agency to operate on [redacted] commercial pricing basis.

You will have substantial freedom in running the Agency to achieve performance and financial objectives, and must have [redacted] record of outstanding leadership at a senior level in a large organisation. Excellent communication skills, vision, personal credibility and the ability to initiate and drive through change on a substantial scale will also be [redacted]

Although the Agency's business is in leading-edge technological research, [redacted] scientific qualification is not essential.

[redacted] at [redacted] Agency's Headquarters at Pyestock, near Farnborough, Hants, [redacted] appointment [redacted] of 3-5 years, with the possibility of [redacted] In order to secure someone with outstanding qualifications and experience for this demanding appointment, an attractive and fully competitive remuneration package, and substantial performance bonus, [redacted] negotiated.

[redacted] may [redacted]

For further details and an application form (to be returned by 4 March 1991) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). **Please quote ref: G/8768.**

The Civil Service is an equal opportunities employer

Exceptional salary package

DEFENCE RESEARCH AGENCY

Director-General

For the LEONARD CHESHIRE FOUNDATION, a leading international charity acknowledged as a pioneer in the provision of care for physically and mentally handicapped people. The Foundation is now modifying its U.K. structure to suit the needs of the 83 Homes and the 30 Family Support Services and to ensure that it can conform with the requirements of current legislation in community [redacted]

As Chief Executive, responsible to the Chairman and Trustees of [redacted] Foundation, the Director-General will contribute to corporate policy, be responsible for [redacted] implementation and provide leadership to the Foundation's professional staff. A prime task will be the development of the new operating structure. The Foundation has a fine record in its caring role and the management of change will require finesse and persuasive skill.

Achievement at general management level in a widely deployed enterprise is a prime requirement. A temperament suited to the purpose and style of the Foundation is equally important. Previous experience in the voluntary sector could be an advantage, but applications are invited from men and women of attainment in other sectors.

Salary for discussion in the region of £40,000.
Location: Central London.

Please write in confidence with full CV to Geoffrey Elms, Charity Appointments, 3 Spital Yard, London E1 6AQ.

Charity Appointments
A registered charity serving the voluntary sector

DIRECTOR
INTERNATIONAL VENTURE DEVELOPMENT

Corporate Venture Partners, a multi-disciplinary consultancy, is expanding into corporate venturing and financial consulting. It is seeking to attract a senior management consultant to lead this effort.

CVP's strategic approach is geared towards assisting UK firms seeking international venture partners into the UK corporate sector.

To lead this effort, applications are sought from individuals aged between 30-35 holding an MBA, preferably specialising in finance. They should have at least ten year's experience in the financial services industry with an emphasis on international corporate/trade finance analysis as well as strategy formulation and implementation. Marketing experience and international contacts are considered important especially in the Middle East, South Asia and North America. Remuneration: circa £40K.

Applications with C.V.'s should be sent to:

Miss Mojgan Hoodfar
Corporate Venture Partners
116 Gloucester Road, London SW7 4SD

BANKING FINANCE & GENERAL

FIXED-INCOME SALES:
SOUTHERN EUROPE
£ Excellent

Our client [redacted] a highly successful capital markets boutique with offices in London and Switzerland. Dealing primarily in [redacted] bond markets, it [redacted] also active in derivative and equity markets. The London office has recently expanded [redacted] complete its strong team it now requires a fixed income sales executive to cover Southern European Accounts.

Ideally, candidates will have a proven strong customer base in Italy, France or Spain and they should have [redacted] successful track record of selling fixed-income securities.

This represents an exciting opportunity to develop a career in [redacted] first class organisation, which is backed by blue-chip shareholders. Remuneration will prove attractive to the right individuals.

To discuss this further please contact Christopher Lawless or Stuart Clifford on 071-831 9988 (or outside office hours on 081-874 9417), or write to The Bloomsbury Group, New Oxford House, 137 High Holborn, London WC1V 6PL.

THE BLOOMSBURY GROUP

EXECUTIVE SEARCH & SELECTION CONSULTANTS

Director Of PUBLIC AFFAIRS

Influence The Future Of A Major UN Organization

The United Nations Development Programme, through its network of over 100 field offices, serves as the central planning, funding and coordinating agency of the [redacted] UN system of development assistance. UNDP is funded solely through contributions from its member states.

The challenge of this New York-based position is to [redacted] the organization's public [redacted] and public relations strategy and increase awareness of UNDP with governments and their publics through the media and other channels with [redacted] view to raising UNDP's profile and thus improving the financial resources available.

The successful candidate must have significant experience in creating and implementing strategic communication initiatives, preferably with an international organization. Demonstrated experience in dealing with the media is highly desirable. Exposure to governments is valuable. Fluency in English is necessary plus knowledge of French and/or Spanish is useful.

Please send your detailed CV to: Recruitment Manager, Quoting Reference PA-FT, UNDP, One United Nations Plaza, New York, NY 10017

undp
UNITED [redacted] DEVELOPMENT PROGRAMME

PROJECT AND PLANNING MANAGER

Woking

The Ocean Group is a leading provider of industrial and distribution services worldwide. The Marine Services Division of the Group is involved in a variety of businesses, the principle ones being offshore supply boats/services, harbour towage and trading in West Africa.

Due [redacted] the promotion of the existing incumbent, [redacted] Project and Planning Manager is now required. Reporting [redacted] the Divisional Commercial Director, your role will include evaluating investment opportunities, risk/return analysis, carrying out market research and business planning activities.

Probably aged around thirty, you will be [redacted] Economics/Business Studies Graduate [redacted] possibly have an accounting qualification.

A minimum of five years' commercial experience with proven skills in investment appraisal techniques and computer modelling coupled with an ability to analyse and interpret financial and market data is required.

The position will provide [redacted] excellent career development opportunity with [redacted] competitive benefits package, including [redacted] company car.

Please write with a full Curriculum Vitae to:

D W Harper, Divisional Personnel Director, Ocean Group Plc, Marine Services Division, Costain House, West Street, Woking, Surrey GU21 1EA.

OCEAN GROUP

FACVLTY
[redacted] CVs

for professionally written curricula vitae.
Established 1983.
Literature available [redacted]

071-233 5560/61
[redacted] Eccleston Square,
London SW1V 1NP

APPOINTMENTS ADVERTISING

appears every
Wednesday [redacted] Thursday
(UK)
& Friday
(in the International Edition only.)

For further information please call:

Jennifer Hudson
071-873 3607

APPOINTMENTS WANTED

FRENCH/ENGLISH SPEAKING

Currency Options Trader
[redacted] post in London.
[redacted] experience.
French male age 28.
Either call
010 331 45 75 [redacted]

Or write [redacted] No: A370
Financial Times,
[redacted] Southwark Bridge,
London SE1 [redacted]

SPANISH BANK
requires

Deputy Manager
for

Commercial and corporate banking area.
Experience must include L/Cs and syndications. Fluent Spanish required.
Preferred age 30-40.

Salary: c. £25,000 plus benefits

Full CV to:

Personnel Officer
CECA - Confederación
Española de Cajas de Ahorros
16 Waterloo Place
London SW1Y 4AR

INTERNATIONAL ORGANISATION REQUIRES A FEW KEY PEOPLE

[redacted] expansion in the boom industry of [redacted] '90's. We welcome enquiries by motivated people from any [redacted] background. Positions [redacted] U.K. or Germany.

For [redacted] on this highly rewarding challenge, [redacted]
[redacted] London Office

CREDIT/RISK ANALYSIS

Head of Risk/Credit – Leasing
Neg £40-£50,000

Aged c35 years, perhaps Deputy Manager or No. 2 with current big ticket (£20 million +) leasing experience, covering underwriting, proposals etc. Ideal would be marketing/technical support experience covering evaluations, taxation, client negotiations etc. **Contact: Brian Gooch.**

Head of Risk/Credit – Leasing
Neg £40-£50,000

Similar to [redacted] above, but with specific small-medium [redacted] leasing experience (£50K-£1.5 million). Candidates must [redacted] aged 32-36 years [redacted] have received previous [redacted] or formal [redacted] training [redacted] have had [redacted] recovery, company work-out experience. **Contact: Brian Gooch.**

Graduate Bankers – Credit
Neg £25-£35,000

Three major banks urgently seek graduate bankers aged 25-30 years who can clearly demonstrate success todate in corporate risk analysis/proposals documentation and the taking of security. Candidates must be familiar with lending, corporate finance and hopefully treasury capital market products. Salary negotiable A.A.E. **Contact: Annette Tassi.**

OAT TRADER
£50,000

Major international bank with a leading presence in the capital markets area, seeks an experienced (2 years +) OAT trader. Ideally you will be in your 20's and have exposure in trading other European currencies. **Contact: Stephen Shenahan.**

Please call/fax or write to the address/numbers below.

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

UNADVERTISED VACANCIES? MAKING A CAREER MOVE?

Do you know how to? We do! We also know that most senior positions are not advertised
Our expertise can help [redacted] find them and solve your job sea[redacted]
[redacted] Unemployed clients [redacted] automatically registered for consultancy [redacted] interim management assignm[redacted] [redacted] Top UK companies use our outplacement services.
[redacted] Special service for EXPATS.
Call your nearest office for a meeting without [redacted]
32 Savile Row [redacted] W1X 1AG Tel: 071-734 3879 Fax: 071-734 2820
22 Suffolk Street Birmingham B1 1LS T Tel: 021-643 2924 Fax: 021-643 4072

Connaught Mainland

ACCOUNTANCY COLUMN

Japanese practices embody radical approach

By Christopher Nobes

EVERY COUNTRY'S accounting practices are unique; some more strikingly so than others. In Japan, for example, symptoms of accounting differences abound.

Some of the vast discrepancies in financial indicators stem partly from cultural [illegible] Does Japanese gearing look frighteningly high because the accounting numbers are calculated differently there? Or is it really high but not really frightening because of the close relationship between companies and their bankers? The answer is "both".

A similar answer seems appropriate for another famous riddle: are Tokyo p/e [illegible] high [illegible] of different earnings calculations [illegible] because of real differences in expectations, the behaviour of brokers, institutional investment flows and so on?

Full answers to those sorts of question have yet to be established. How[illegible], we can make a start by examining accounting, where at least some important differences can be discerned, and therefore adjusted for, with some precision. Japanese accounting in the 1990s is descended from native medieval book-keeping, [illegible] by a [illegible] [illegible] modelled on late 19th-century Franco-German precedents, rounded off with US-inspired [illegible] [illegible] [illegible] the [illegible] 1940s.

One [illegible] of Japanese accounting that [illegible] like [illegible] or other continen[illegible] accounting is control by government ministries, which is examined further on. It is backed up by other government influence in the form of [illegible] rules [illegible] generally [illegible] [illegible] of depreciation and various other provisions. That is also reminiscent of Germany, and in both countries deferred tax is unimportant.

Another continental-style feature [illegible] the [illegible] of public availability of accounts of the large majority of companies, compared with filing require[illegible] for all companies in the UK.

Further German-style features in Japan are: strict historic cost; dominance [illegible] form [illegible] substance (e.g. long leases tend not to be capitalised); lack of accrual for proposed dividends; the creation of legal [illegible] the use of [illegible] version of the temporal method for currency translation; and [illegible] lack of full provision for pensions.

[illegible] that [illegible] the influence of the USA include the special rules for [illegible] companies in the Securities Law (see further on); the preparation of [illegible]lidated accounts including foreign subsidiaries and [illegible] companies; the preparation of funds flow statements; and the amortisation of goodwill. Even more obvious US-style features are the order of bal[illegible] items (starting with current assets), the American terminology in translated [illegible] and [illegible] disclosure of earnings per share.

Except in the few cases noted, the [illegible]-style features of Japanese accounting are not found in the US or in [illegible] UK; [illegible] the US-style features [illegible] [illegible] found [illegible] Germany. Some other Japanese practices [illegible] fit with neither Germany [illegible] [illegible] [illegible] are:

- The [illegible] of [illegible] exchange rates for translation of non-current foreign-currency monetary assets and [illegible] [illegible] the balance sheets [illegible] [illegible] companies.
- The tendency [illegible] show [illegible] [illegible] [illegible] financial statement as percentages of total assets (balance [illegible] [illegible] sales (income statement). Some European companies also do that.

The most important type of company in Japan is the KK (*kabushiki kaisha* or joint stock company). They have to obey the commercial code, which is controlled by the Ministry of Justice and does not require the preparation [illegible] consolidated accounts or the public filing of documents. Only certain large companies need an independent professional audit.

All companies are affected by the need to charge expenses for accounting purposes if the expenses are to be tax-deductible. For example, [illegible] Japanese company will usually [illegible] the maximum bad debt provisions allowed by tax law, irrespective of the actual prediction of bad debts. In addition, the reducing-balance method [illegible] depreciation will be [illegible] in the accounts [illegible] it [illegible] faster tax deductibility.

For those 2,400 KKs whose securities are publicly traded, there are also [illegible] requirements [illegible] the Securities Law. They [illegible] [illegible] by the Ministry of Finance and elaborated by its Business Accounting Deliberation Council (BADC). The rules do require consolidated accounts, independent audit and extensive public filing.

[illegible]ome large companies also prepare "convenience translations" into American English and American dollars. [illegible] items [illegible] rearranged, such as taxes and extraordinary items. The amount of disclosure is larger in some [illegible] and smaller in others compared [illegible] [illegible] original statutory accounts. [illegible] [illegible] [illegible] give a somewhat misleading impression of real statutory accounts. A few very large Japanese companies are listed on the New York Stock Exchange, so they have to fulfil [illegible] and Exchange Commission (SEC) requirements, such as providing a reconciliation of their accounts to US generally accepted accounting principles.

To summarise the availability [illegible] accounting information:

- For most companies, nothing is publicly available.
- For non-listed KK [illegible] accounts drawn up under the commercial code are available to stockholders and creditors (unconsolidated, lacking in [illegible] tax-influenced).
- For listed companies there [illegible] securities law/BADC [illegible] publicly available.
- For internationally oriented com[illegible] there [illegible] also [illegible] translated [illegible] partly adjusted accounts.
- For SEC-registered companies there will [illegible] reconciliations with US generally accepted accounting principles.

There are, [illegible] course, hundreds of significant differences under that heading between Japanese accounting practices and those of other countries. The principal differences from normal UK practice for large companies can be now [illegible]ummarised as follows:

- Property is carried at [illegible] in Japan, [illegible] it is often revalued in [illegible] UK.
- Goodwill in Japan [illegible] usually capitalised and is charged against profit, whereas in the UK it is usually written off immediately [illegible] [illegible]
- Bad-debt [illegible] [illegible] [illegible] at [illegible] maximum allowed by tax rules in Japan, while they are set on the basis [illegible] reasonable predictions in the UK.
- Stock is often valued at cost rather than [illegible] net realisable [illegible] if lower.
- Pensions are not fully accrued for in Japan.
- Depreciation is based on the same rules [illegible] tax rules in Japan, which often means that depreciation is higher.
- Non-current debtors [illegible] creditors in foreign currencies are translated at historical rates in Japan, but at closing rates in the UK.
- A legal reserve is established in Japan.
- Proposed dividends [illegible] not accrued in Japan.
- US-style formats are used for Japanese balance sheets.
- US terminology [illegible] used in translations.
- A [illegible] [illegible] the temporal method [illegible] [illegible] for foreign subsidiaries' [illegible] in Japan, rather than the c[illegible]ng rate method.

Those differences mean that profits and values [illegible] be straightforwardly compared [illegible] an international basis. On the whole, Japanese rules lead to lower profits and lower asset values than would UK rules. [illegible]ever, no [illegible] rule-of-thumb adjustments [illegible] [illegible] made; proper comparisons require painstaking line-by-line adjustments, [illegible] [illegible] on inspired guesswork. Although the linguistic difficulties of Japanese [illegible] daunting for the average businessman, they are trivial compared to the accounting problems.

Professor Nobes [illegible] Coopers Deloitte [illegible] of Accounting at the Univer[illegible] of Reading.

ACCOUNTANCY APPOINTMENTS

Director & Co. Secretary

Circa £60,000

A Group board appointment in a highly profitable engineering and technology plc, UK based, but deployed internationally to serve electronic, industrial and aerospace markets.

- **THE TASK** is to support the continuing programme of small acquisitions and to lead the company secretarial function including property and legal advice. There is scope for career progression.
- **THE NEED** is for a qualified accountant with a record of company evaluations and acquisitions ideally in an engineering context.
- **COMPENSATION** base salary £40,000 to £50,000 plus performance bonus of up to 50%.

Preferred age early 30s

West London perimeter

Write in confidence, enclosing Curriculum Vitae, quoting reference L7363/FT to:-

TK SELECTION

8 Hallam Street, London W1N 6DJ. Telephone: 071-580 6113. Fax: 071-631 5317

A DIVISION OF TYZACK & PARTNERS

International Audit

Far East, Europe and North America

to £35,000 + Car

This client is a substantial UK-based plc, composed of several service sector divisions each of which is multinational. The international profile of the Group is complex, with multi-industry representation in each major continent. To enhance control the Group is creating a new internal audit department which will comprise a small team of highly skilled, versatile and well motivated individuals. As a result three senior auditors are required *who will be responsible to the Head of Audit* for establishing the internal audit activity for a specific region.

IN THE FAR EAST there are substantial and rapidly expanding businesses in South East Asia, Japan and Australia. The Far East Auditor will spend 70% of his/her time in the region. (Ref L471)

IN EUROPE the Group's several divisions are re-inforcing their position by acquisition and joint venture in addition to organic growth in response to the opportunities presented by the Single European Market. The European Auditor will be based in London but will spend 70% of his/her time on the Continent. Fluency in European languages is important, the priorities being French, Spanish and German. (Ref L472)

IN NORTH AMERICA the Group has key interests onshore and offshore. This role will involve 25% North American travel and will also carry responsibilities for UK audits. (Ref L473)

Applicants should be graduate chartered accountants with 3-6 years' post-qualification experience gained in one of the major audit firms. Computer literacy is important. A strong academic and audit record is required as the successful applicants will be expected to move into one of the many operational or headquarters roles which will become available in the next 2-3 years.

Additionally **2 NEWLY QUALIFIED GRADUATE ACCOUNTANTS** with a similar early record will be required in September as junior members of the team. (Ref L474)

Please reply quoting the appropriate reference to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

Financial Controller

Greater Manchester — **c. £30,000, bonus, car, benefits**

High-quality manufacturer of an engineered product, the principal subsidiary of a progressive £150m turnover Plc, has recently relocated to a greenfield site, installed advanced manufacturing facilities and restructured its marketing and distribution operations to compete aggressively in an international market place. The management team now requires an experienced, high-calibre professional to develop business systems and build a team to provide an outstanding level of service to support future growth plans.

The Role

- Exercise strong leadership within finance function, providing responsive and meaningful information to local executive and Group.
- Raise performance awareness across all management disciplines.
- Select, evaluate and implement activity-based reporting systems.
- *Report to General Manager;* liaise closely with Group Finance Executive.

The Qualifications

- Graduate-calibre, qualified accountant. Likely to be ACMA. Age 28-42.
- Track record of successful implementation of integrated computer systems.
- Sound experience of advanced manufacturing control systems.
- Self-assured and articulate communicator. Capable of progression within the Group.

Please apply in writing, enclosing full c.v. Ref: M485.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9128.

FINANCIAL CONTROLLER DIRECTOR DESIGNATE

West Yorkshire

Attractive Package + Car

Crosslee plc, winners of the Queen's Award for Export in 1990 and acknowledged as leaders in our field have an opportunity for a Financial Controller seeking both a challenge and career progression.

With global sales in excess of £35 million the company has an enviable reputation of quality product and customer service employing over 500 people within two expanding sites based in the North of England and North Wales.

Reporting at Director level the successful candidate will take full responsibility for advising the Board, developing all financial and accounting policies, managing the upgrading of financial reporting and support systems, controlling the resources and shaping business decisions, including appraising potential acquisitions.

Aged mid thirties, you will be a qualified accountant with a successful track record, possessing well developed management and communication skills, coupled with the initiative and drive to take a proactive role in business management.

Interested applicants should write enclosing a comprehensive Curriculum Vitae to:

Janet McNamara Personnel Manager
Crosslee Plc., Lightcliffe Factory
Hipperholme, Halifax
W. Yorkshire HX3 8DE

CROSSLEE PLC

Group Tax Manager

West London — **c. £50,000 + Car + Benefits**

Our client, a major plc and household name, is seeking to recruit an experienced corporate tax specialist to head the tax department. The group has a turnover of c. £2bn with interests principally in the UK, Europe and North America.

The company is involved in a range of activities including the manufacture, distribution and retail of consumer goods.

Reporting to the Finance Director, with a team of six, the successful candidate will have responsibility for UK and overseas tax planning and compliance, and will be required to liaise at the highest level of management. A particularly important part of the role will be the management of the Group's tax strategy.

Candidates, male or female, should be either ACAs or Ex Revenue with at least 3 years experience in industry or at a senior level in Public Practice.

Applications should be sent to Stephen Hackett, Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS or for more information, please phone 071-836 9501.

DLA LLAMBIAS TAX
RECRUITMENT CONSULTANTS

BIRMINGHAM 021-233 4421
EDINBURGH 031-225 7744
GLASGOW 041-226 3101
LEEDS 0532 342966
LONDON 071-836 9501
MANCHESTER 061-236 1553

Finance Director

High Profile Main Board Appointment

READING BERKS

Sir Alexander Gibb & Partners Limited is a leading British and international multidisciplinary civil engineering consultancy with a worldwide record of achievement and a strong UK regional development programme.

The Finance Director is the senior UK resident financial adviser to both the Main and Management Boards and is responsible for the direction, administration and co-ordination of all finance issues for the main UK company. You will oversee financial, management and statutory reporting (UK and US GAAP), treasury management and cash flow, tax and budget planning as well as leading and motivating a professional team of 30. You will also support the evolution of financial and project reporting systems and make a major contribution to the development of corporate financial policy.

Aged over 35, you will be professionally qualified and preferably Chartered, with experience in a "Big Eight" international accountancy firm. You will also have spent at least 5 years in a large-scale consultancy environment of a service - related nature, such as construction or civil engineering. Essentially business orientated, you will have well developed interpersonal skills and be a highly motivated self-starter.

In return, you will receive an attractive negotiable salary and generous benefits package including relocation assistance if appropriate.

Please write in confidence with full cv, including salary, to: Andrew Bell, Personnel Executive, Sir Alexander Gibb & Partners Limited, Earley House, 427 London Road, Reading, Berks., RG6 1BL Tel. (0734) 61061

SIR ALEXANDER GIBB & PARTNERS

Burgess

FINE PRINTERS AND TEXT PROCESSORS SINCE 1827

FINANCE MANAGER

Burgess & Son (Abingdon) Limited is a 270 people strong, highly successful printing company in the forefront of technological developments in one of the *most modern factories in Europe.* The Company specialises in the production of fine art prints, greetings cards, journals and government work to exacting standards.

The closely knit management team now has a vacancy for a Finance Manager to take charge of the accounting, management accounting and costing for two factories and will be appointed to the Executive Board. He or she will report direct to the Financial Director. Good computer systems experience will be most helpful.

Being part of Wace Group PLC, a British printing group with 100 companies worldwide, Burgess offers good career opportunities for the future. As such, the vacancy will be particularly attractive to applicants under 35. The remunertion package will include an excellent salary and company car.

Applications in writing to Martin Barritt, Financial Director, BURGESS & SON (ABINGDON) LIMITED Thames View, Abingdon, Oxon OX14 3LE

FINANCE DIRECTOR

O&K

Substantial Salary + Profit Share + Car + Other Benefits — **Keighley, West Yorkshire**

Operating autonomously within the worldwide group Orenstein & Koppel AG, O&K Escalators are the leading manufacturers of escalators and autowalks. With a turnover of £20M and a dominant position in the UK market, O&K are successful, profitable and have an enviable reputation, second to none, for quality, safety and service. As a result of promotion within the Group, they are now seeking to appoint a Finance Director. Reporting to the UK Managing Director, the Finance Director will be a vital member of the close-knit senior team, heading up the finance, purchasing, stores and computer departments. Responsibilities will include all aspects of finance, data processing, control of resources and will incorporate the role of Company Secretary.

The successful candidate, probably aged 35-45 and professionally qualified, will ideally have worked in a manufacturing environment, perhaps with some contracting experience. Your ability to work closely with your *senior colleagues,* your strategic and financial judgements and your open, flexible working style will be critical to your success in this role.

For the right person, our client offers very attractive financial rewards, generous benefits and superb working conditions. If you believe you have the right qualifications, experience and personal qualities to allow you to succeed in this role, please apply to the Company's Advisor, Susan Hanson, Mercuri Urval, Jubilee Chambers, 163/165 The Headrow, Leeds LS1 2QS, quoting ref. SPAH/125.

Mercuri Urval

BLACK COUNTRY DEVELOPMENT CORPORATION

Finance Director

Salary Indicator £36,000 p.a.

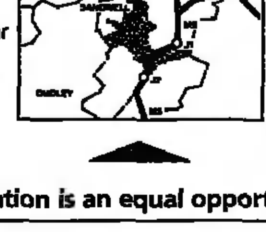
Black Country Development Corporation is one of the Country's leading regeneration organisations with a funded commitment to a programme aimed at transforming the heart of the West Midlands.

Its range of activities include land acquisition; commercial, retail and *residential site disposal; major infrastructure and environmental* programmes and a range of community and business development initiatives.

We need to appoint a Finance Director who will advise on all aspects of financial planning, forecasting and appraisal, and income management; and be responsible for the management and control of the Corporation's Finance Team.

For this key role the ideal candidate, from the private or public sector, will be a qualified professional – FCA or CIPFA – and will be able to demonstrate experience and achievement at senior management levels, including the financial management of substantial capital programmes.

The salary indicator for this appointment is in the region of £36,000 per annum, but a higher salary may be awarded to candidates with proven exceptional ability and experience. The appointment will carry additional benefits, including the Corporation's car scheme, pension *fund and* relocation expenses in appropriate cases.



For further information please write to:
David Morgan,
Chief Executive,
Black Country Development Corporation,
Rounds Green Road,
Oldbury,
***West Midlands* B69 2DG.**
We intend to review completed applications not later than 19th March 1991.

The Corporation is an equal opportunities employer.

CITY-GREEN FIELDS

Our client, a substantial privately-owned organisation has an enviable track record in the acquisition and turnaround of ailing companies, typically within a two-year time frame, through the application of the Group's considerable resources and expertise.

As a result of the rapid growth to date, our client has reorganised its operations into three operating companies serviced by a City based small, dynamic finance team. This provides a centre for management and functional expertise and the resources for planned future expansion. Two new positions have now arisen:

FINANCIAL ACCOUNTANT c.£30,000 + Car

A recently qualified CA would find this opportunity both personally rewarding and professionally stimulating. You will assist in the preparation of statutory and month end Accounts, supervision and control of general ledger, cash and credit control activities, through the direction and management of several staff.

MANAGEMENT ACCOUNTANT c.£27,000 + car

A qualified CIMA with an attitude focused towards providing solutions rather than problems would find this position a particularly interesting and challenging career move. You will assist with budget preparation, Management reporting, corporate plans, appraisal of new ventures/acquisitions and special investigations.

Apart from the expected financial skills, both successful candidates will need to demonstrate a background of flexibility and problem solving, ideally working with a small focused team which will play a key part in the Group's plans for rapid expansion.

Future prospects are excellent and there is a very good executive benefits package in addition to the above salaries and company car.

To apply, please write enclosing a full Curriculum Vitae and salary history, to: Jeremy Lancaster

a division of PROBE MANAGEMENT plc

PROBE EXECUTIVE SELECTION

15 Artillery Passage, Bishopsgate, London E1 7LJ.

FUTURE F.D. POTENTIAL

YOUNG HIGH FLIERS FOR BUSINESS ROLES

ATTRACTIVE LOCATION NORTH WEST OF ENGLAND

c£35,000 + COMPANY CAR + EXECUTIVE BENEFITS

As one of Europe's most successful companies, we place a high value on the importance of our finance managers to business growth. Our continued success will depend on the calibre of our human resource and as we expand our core business into exciting new ventures, we are looking for high calibre professionals with fresh ideas, vision and the motivation to rise to new challenges.

This has prompted the need for young business managers to face the following challenges:

Considerable activity generated by new business development will require extensive financial and commercial expertise to determine potential viability. This involves a variety of projects ranging from trouble shooting to establishing new businesses generated from adventurous ideas and expansion into separate entities. Initially working within our current financial structure you can expect to fulfil a senior financial role when these businesses are launched.

The roles will involve high visibility within the company and as such will require exceptional interpersonal skills, and an ability to be influential at all levels of the organisation. Your professional and academic qualifications will be taken as read but of real interest will be demonstrated personal credibility through an excellent track record. *Of paramount importance however is your ambition and ability to succeed in a leadership role within a progressive blue-chip company looking for its managers of the future.*

The salary quoted is indicative only and should not be a limiting factor for the right candidate. If the scope and challenge of these roles appeals to you, please send your CV to our advising consultant, Camilla Copp at 43-44 Great Windmill Street, London W1V 7PA. Telephone 071-734 7394 (days) or 081-543 7508 (evenings).

STRATEGIC BUSINESS MANAGER

Both eyes on tomorrow's business

C£27,000 PLUS EXCELLENT BENEFITS

British Rail's Network SouthEast is aiming to provide the most modern and efficient commuter rail service in the world. In order to meet our qualitative and quantitative customer service targets, we are implementing a progressive restructuring of the business, supported by major investment.

We are now looking for an experienced business strategist to help shape our future and improve our bottom-line performance. Your brief will be wide-ranging, involving the preparation and review of business plans, the modelling of alternative scenarios and constant liaison with government on business and regulatory issues. In making a vital contribution to a radically-changing enterprise, you can be sure of all the support you need to implement your own ideas.

You will be a numerate graduate with four years' relevant experience and a sound understanding of Lotus, modelling techniques and accounting and cash flow analysis.

Together with excellent career prospects, this position carries a competitive salary and benefits that include free rail travel, BUPA, an outstanding pension scheme and 27 days' holiday a year.

In the first instance, please send your CV, to arrive no later than 28th February 1991, to Graham Hewett, Director, Strategic Review, Network SouthEast, Euston House, 24 Eversholt Street, PO Box 100, London NW1 1DZ.

British Rail - Working towards equal opportunities

Network SouthEast

TREASURY MANAGER

Salary c£40,000 p.a. + Car *Swindon*

The Burmah Castrol Corporate Finance team is primarily responsible for financing, tax and insurance for the whole group. Including Foseco, recently acquired as the result of a successful bid, Burmah Castrol has operations in over 45 countries.

The Treasury Manager is a key position in that team. Reporting to the Head of Treasury, the Treasury Manager will work directly in the following areas:

- arranging and negotiating new borrowing facilities
- shaping (in relation to particular transactions) the financial structure of subsidiaries in line with Company strategies
- monitoring and advising on new financing opportunities, including recommendations on covenants and constraints
- formulating and implementing project financing, including off-balance sheet arrangements

In addition, an important immediate task for the Corporate Finance Team is the integration of the financing of Foseco plc.

You will also develop sound professional working relationships with the Company's principal bankers; advise on the Company's debt retirement profile; regularly assess availability of financial resources; and at all times ensure the Company is in compliance with borrowing and trust deed agreements.

Ideally, you will be aged late 20s to early 30s, a graduate and a chartered accountant with treasury experience of liabilities funding, debt structures and UK and overseas taxation. Foreign exchange risk and international money management experience would be valuable. Membership of the ACT would be an advantage.

Working internally at all levels in the Company and externally with principals from banks and other key institutions, you will need strong presence and well developed inter-personal skills. This is a superb opportunity to become a member of an active and professional team and to demonstrate and develop your skills.

Company benefits include a management incentive scheme, a quality car, an excellent pension scheme, BUPA and a sale price guarantee relocation package.

To apply please write enclosing your C.V. to:
Bryan Argent, Management Resourcing Manager, Burmah Castrol Trading Limited, Burmah Castrol House, Pipers Way, Swindon SN3 1RE. Telephone: (0793) 512712.

BURMAH CASTROL PLC

GROUP MANAGEMENT ACCOUNTANT

M3 Corridor **To £35,000 + Car**

Our client is an independent, high quality, premium branded housebuilder with a six figure turnover. They have created a strong, well recognised style generating long term loyalty and demand, which is enabling the Group to withstand the current difficulties of the industry.

In strengthening his team, the Group Finance Director is seeking to appoint a Group Management Accountant.

The role focuses upon group planning, performance reviews and research and analysis for major commercial projects. This will involve substantial exposure to senior management across the Company, and will frequently involve a great deal of highly confidential work. The emphasis will be commercial, on bottom line contribution.

You will be a qualified accountant, probably ACMA, aged 27-33, with experience of a planning role in a forceful, demanding environment.

Relevant industry experience is not a particular requirement; it is more important that the successful candidate be able to apply themselves to both short and long term thinking under tight deadlines.

Please submit your CV in application to: Wayne Thomas, Wheale Thomas Hodgins PLC, 9 Unity Street, College Green, Bristol BS1 5HH.

FINANCIAL ANALYST

Central London **£40,000 negotiable**

This is a key appointment within the core decision group of a major multi-national corporation, a market leader in its sector with a turnover in excess of £1 billion.

Reporting to the Deputy Chairman, the responsibilities of the Financial Analyst will extend to all Group Companies in the UK and overseas.

The top priorities will be:

* To report and make recommendations on the financial and business plans of the Group's trading subsidiaries.
* To analyse and report on Company and Group strategies including existing businesses, potential acquisitions and joint ventures.
* To analyse market sectors and assess profitability of existing and new markets.

Suitable candidates will be graduates, probably aged 25-30 with a business degree and experience of working within a fast moving commercial environment. Languages, including French, would be a distinct advantage as would experience of financial or strategic consulting.

Please apply, sending a comprehensive CV to:

AGB Executive

Sioned Evans PO Box 283, 33 Holborn, London EC1N 2NE.

Caledonian MacBrayne

Hebridean and Clyde Ferries

Financial Director (Designate)

c£30k + car

Caledonian MacBrayne Ltd employs 800 people, carries six million passengers each year, sails to 23 islands in the West Coast of Scotland, and generates a turnover of over £27 million. As a result of continuing growth, the Board has decided to appoint a Financial Director — a new position for the Company.

Based at Head Office in Gourock, the person appointed will carry full responsibility for all statutory and corporate financial matters, and contribute towards the strategic objectives of the Company.

Candidates will be CA's, with around ten years' post-qualifying commercial experience, almost certainly in the private sector. They must have sufficient stature to enable accession to the Board to take place within a short period.

Salary around £30,000 (reviewed on achieving Board status), car and other benefits, including relocation assistance if necessary.

Please write — in confidence — to Peter Preedy, MSL International (UK) Limited, Allan House, 25 Bothwell Street, Glasgow G2 6NL. Please quote ref. F/67566.

MSL International

CONSULTANTS IN SEARCH AND SELECTION